

# CCM: the journey to operational excellence

The world's largest and most comprehensive study of contract and commercial management



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 **756**

Input data for this report came from  
**756 organizations**



Research was undertaken by WorldCC from  
**June to September 2023**

# Executive summary

Contracts and the contracting process are critical capabilities. The need for them to become more adaptive, to support change, is urgent. Those who have already succeeded in making this transition not only display improved competitiveness, but also a substantial uplift in profitability.

PwC's 26th Annual Global CEO Survey highlights the scale of the challenges facing businesses in today's volatile market and social conditions. It tells us that more than half of surveyed CEOs cite changing customer preferences, regulatory change, skills shortages and technology disruption as key business challenges. Roughly 40% flag the transition to new energy sources and supply chain disruption, with nearly one-third pointing to the potential for new entrants from adjacent sectors.

Pressures such as these demand new, more flexible contract terms and commercial capabilities. The input to this report tells us that more than 90% of executives understand the need for better contracts and more streamlined processes.

However, the slow pace of progress points to the likelihood that executive management may not fully grasp the innate complexity of the contracting process and the need for their focused attention if meaningful change is to occur. It also suggests that those responsible for the process are in some cases resistant to change or failing to make a sufficiently convincing business case for investment.

In the seas of change that have marked the last two years, many have turned to technology to provide efficiency, productivity and predictability. While advancements have been made, many continue to face barriers and challenges with adoption. Those organizations that have experienced success with technology are those that also prioritized improving internal processes and investing in the raising of skills of commercial and contract management (CCM) professionals.

This report provides a benchmark for the current state of commercial and contract management and, by indicating where investments should be made, helps you identify your priorities for action.



**Tim Cummins**  
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# Introduction

Over recent years, volatile market conditions have led to continuous change in commercial policies and controls. There is no sign of a return to more stable conditions. In this environment, contracts and contracting processes have struggled to keep pace and it is widely recognized that they must become more integrated and more adaptive.

The [WorldCC Benchmark report 2021](#) identified the gap between the top performers and the rest. It highlighted the priorities for improvement and the principal barriers. Two years on, while we see indications of progress, the pace remains slow, and this report provides an in-depth update.

## Reassess and reinvent: key commercial pressures

- Relentless regulatory pressures
- Continued shift to servitization
- Geopolitical risks
- Supply chain disruptions
- Pressure for increased transparency and collaboration
- Impacts of artificial intelligence.

Contracts are typically viewed as instruments of control and often this means that they impose a high level of rigidity and in consequence lack the terms and mechanisms needed to adapt in turbulent market conditions.

1. At a **transactional level**, they do not keep pace with fast-changing conditions and lack the mechanisms or terms needed to adjust.

2. At a **portfolio level**, most organizations lack the rapid insight needed to identify risks or provide instant, accurate management reporting.

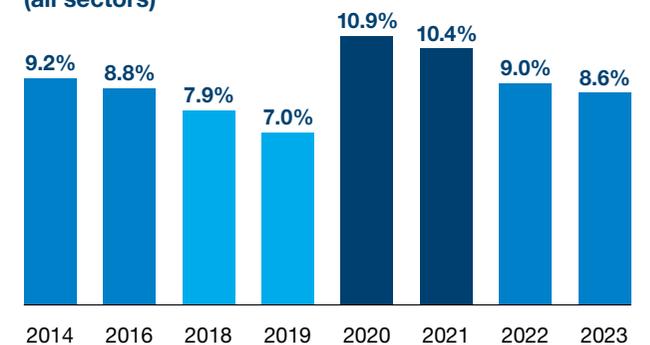
Hence, we have discovered that there is continued executive focus on this field, with improvements to the contracting process the top priority. Yet the barriers remain the same – lack of budget, challenges in reaching cross-functional consensus and the availability of resource due to operational workload. All this points to the likelihood that executive management still fails to grasp the innate complexity of the contracting process and that those responsible for it are not making a convincing business case for investment.

## The impact on value

Earlier this year, WorldCC (in conjunction with Deloitte) published a report, [The ROI of contracting excellence](#). It provided an update to past assessments of the extent to which weaknesses in the contracting process lead to value erosion. The report revealed that, after five years of steady progress, the events of the pandemic and beyond reversed that trend, meaning that average contract value erosion is now 8.6% of contract value, see Figure 1. For organizations that invest in improvement, this represents a massive prize.

It is important to emphasize that the scale of value erosion varies widely between organizations and sectors. This reflects not only the differences in competency, but also in the relative complexity of the markets they serve. That complexity is evident in the types of commercial and contract models which they use – for example, a commodity acquisition in the retail sector is far easier to predict and manage than a major capital project in the transport sector. This need to understand the portfolio of contracts under management is explained in greater detail in the section Portfolio segmentation, see page 8.

**Figure 1: Average contract value erosion 2014-2023 (all sectors)**





# The current environment

Executives remain interested in improving commercial and contracting capabilities, with 91% deeming this important. Over the last two years, there has been a degree of progress, but this has not been evenly distributed. While the group of ‘leaders’ has expanded, many ‘laggards’ remain, with no visible sign of improvement.

Any initiative to improve contracting must take account of the scale of organizational and stakeholder impact. The 2023 survey tells us that **on average 29% of the workforce is in some way involved in the process**. This involvement may be in activities associated with contract development, negotiation, review and approval, or it could be in contract performance, where there is a need to extract or input data, or to manage problems or amendments. While the workforce proportion varies extensively across different sectors, the sheer number of people who are in some way involved helps us understand why achieving necessary change is often so difficult and so slow.

In 2023, organizations are placing a heightened focus on internal process improvement, talent development and demonstrating value. While digital transformation remains a lower priority (deemed high by 37%), there is a growing acknowledgment of the role that the function should play in selecting and implementing contract management tools and systems. These shifts reflect an evolving landscape where organizations are continually refining their contract management strategies to align with broader business objectives and changing market dynamics. The fact that organizational change is deemed the least important initiative may imply a focus on incremental improvements rather than large-scale changes in contract management practices or influence.

## Top five strategic priorities



### 1. Improving internal processes

In 2021, 64% considered it a high priority, but in 2023, this percentage significantly increased to 71%. The importance of improving internal processes has grown, reflecting a need for increased speed and efficiency to address the on-going challenge of operational workload.

### 2. Increasing strategic relevance / demonstrating value

In 2021, 65% considered it a high priority, and in 2023, this showed a slight increase to 68%. Demonstrating value remained a crucial priority, not only as a response to business expectations, but also in gaining investment.

### 3. Raising skills of current staff / attracting and retaining talent

In 2021, 51% considered it a high priority, and in 2023, this has increased to 58%. Talent development and retention remain challenging for many organizations, with recruitment also proving difficult for many. While this situation is not unique to CCM, there is a clear need for upskilling, tackling issues of morale, and more effectively promoting the role to new entrants.

### 4. Expanding role and contribution

There is a significant gap between this and the top three priorities, with 41% rating it a high priority, versus 39% in 2021. Overall, the benchmark data implies that for many this remains aspirational, perhaps dependent on achieving the other strategic priorities of process, skills and value.

### 5. Selection and adoption of tools and technology

81% consider the selection and adoption of tools and technology a high- or medium-level priority, unchanged from 2021. There is enthusiasm across the board – for some it is about getting started, for many others it is about augmenting what they already have. Difficulty in obtaining budget is often a frustration, but there is also growing appreciation that successful implementation depends of adequate preparation and planning.

## The current environment (cont.)

### Barriers to progress

While there is broad consistency between the 2021 and 2023 data, the trend is positive. A majority of the barriers show a slight decline, with ‘difficulties in attracting and retaining suitably qualified staff’ one of only two issues showing an increase (74% identifying this as a high / medium barrier, against 68% in 2021). The other is ‘lack of clarity in roles and responsibilities’. This is perhaps due to the focus on process improvement and a growing appreciation of the complexity created by the scale of workforce involvement in contract management activities. Attempts to improve the process often result in difficulty in reaching agreement over ‘who does what’ at different phases of the lifecycle. Overall, the 2023 positioning of top barriers to progress shows little change from 2021.

**Figure 3: Top barriers to progress**

2023	Issues	(2021)	Change
1	Operational workload	(1)	—
2	Budget	(2)	—
3	Establishing data to demonstrate value and contribution	(3)	—
4	Not involved early enough in the process	(4)	—
5	Salaries / attracting and retaining staff	(5)	—
6	Identifying and implementing effective training	(6)	—
7	Lack of clarity in roles and responsibilities	N/A	
8	Quality of existing skills	(7)	↓
9	Quality of functional leadership	(9)	—

The biggest surprise is the ranking of ‘quality of existing skills’ in eighth position (viewed as a major barrier by 23%); this appears inconsistent with the third-place position of ‘raising skills’ in the strategic priorities (see page 4). Other data in the survey suggests that current skills and attitudes are perhaps the greatest barrier to achieving strategic objectives.

On the positive side, while operational workload and budget constraints remain high barriers, both have seen a slight decrease in perceived importance. Overall, the data underscores the evolving landscape of contract management, where skill development, talent retention, and strategic involvement are taking center-stage in addressing organizational challenges.

### Are we measuring what we care about?

#### Top 5 most measured areas

- 1 Cost reductions achieved
- 2 Compliance with standards / scorecards by other parts of the business or by trading partners
- 3 Cycle times for process phases (e.g., bid to contract; purchase to pay). Cycle times to manage changes or disputes
- 4 Contribution to revenue or margin improvements
- 5 Monitor satisfaction of customers (external).

This indicates a strong focus on cost reduction, compliance, process efficiency, revenue or margin improvement as the key metrics for assessing the performance and effectiveness of CCM activities. While this aligns with the primary roles and responsibilities of the typical CCM team, there is at best only a partial match with declared strategic priorities.

#### Bottom 5 least measured areas

- 1 Salary benchmarks (with external companies)
- 2 Monitor satisfaction of suppliers
- 3 Skill levels benchmarks / improvements
- 4 Performance benchmarks with similar groups in other corporations / organizations
- 5 Frequency with which specific terms are negotiated (or rejected by other side).

While these areas might be perceived as having a less direct impact on day-to-day CCM effectiveness, overlooking them could potentially miss out on opportunities for improvement and risk mitigation. For example, monitoring supplier satisfaction and understanding salary benchmarks could play crucial roles in enhancing vendor relationships and employee satisfaction, respectively, which in turn could lead to more efficient and effective contract management processes. It is again clear that there is a degree of misalignment in the items measured and the strategic priorities.

# Looking to the future

Building from today's strategic priorities, what do organizations view as the potential priorities of tomorrow? While the list of initiatives under consideration has not radically changed, there have been significant shifts over the last two years in their relative importance.

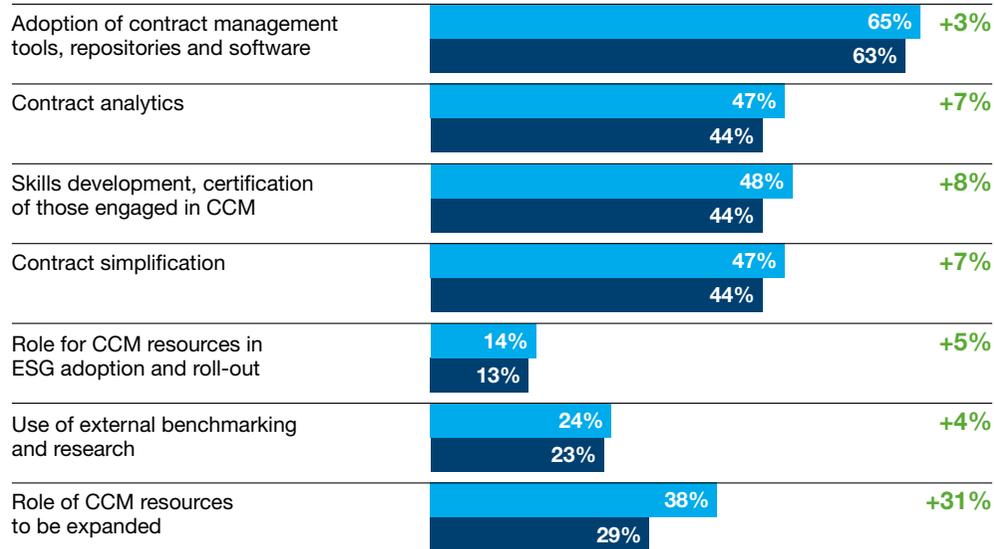
Heading the list – by some distance – is the adoption of tools and systems, clearly seen as a continuing challenge and need. The experience of past disappointments and failures has led many to appreciate that successful technology adoption depends on the clarity and definition of internal processes, so the fact that this tops the list of current priorities is entirely consistent with a future goal of systems adoption.

Figure 4 indicates the nature of change in initiatives being considered in forward planning, though it should be noted that these shifts are not always consistent with other data (for example, the position of contract analytics within the priorities for system functionality).

In summary, these shifts in CCM priorities reflect an evolving landscape where organizations are increasingly recognizing the significance of technology, skills development, and analytics while also adapting to changing global trends and responsibilities like environmental, social and governance (ESG) adoption. However, subsequent data will suggest they are not always appreciating the interconnection between these initiatives.

It is also encouraging to see the growth of expectation for an increased role for CCM, perhaps in part reflecting the opportunities created from greater use of technology. The percentage considering an increased role for CCM resources went up to 38% in 2023 from 29% in 2021, an increase of 31%.

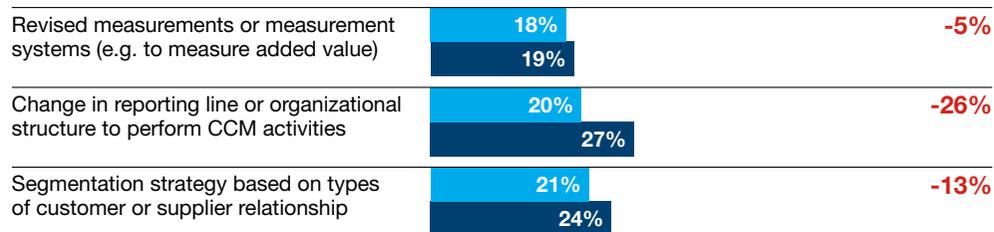
**Figure 4a: Consideration increased**



**Figure 4b: Consideration stable (no significant change)**



**Figure 4c: Consideration decreased**



■ 2023 ■ 2021

# How to use this report

We recommend that this report is used in conjunction with the WorldCC Benchmark report 2021 and The ROI of contracting excellence 2023 report.

The [Benchmark Report 2021](#) continues to offer valid insight to what ‘good’ looks like and therefore, for most, provides aspirational performance goals and data. [The ROI of contracting excellence](#) identifies and describes the elements of contracting excellence, see Figure 5, and provides guidance on how they may be achieved.

With this background, we concluded that this 2023 report should focus on an objective view of current state, allowing its readers to rapidly assess their current performance and to identify key goals for improvement. With this in mind, we have related the benchmark data to the two processes and five elements of Contracting Excellence. We hope above all else that this will provide the background data that drives the business case for investment.

**Contracts and the contracting process are critical capabilities. The need for them to become more adaptive, to support rather than frustrate change, is urgent. Let this report be your ‘call to action’.**

**Figure 5: Framework for Contracting Excellence**





# Process 1: Portfolio segmentation

Not all contracts are equal. There are major variations in risk, levels of complexity and business impact. These variations demand differences in process, skills and technology.

Having the ability to analyze the contracts portfolio is therefore essential to planning and managing capabilities. Over 70% of organizations lack this insight; they do not know what proportion of revenue or spend depends on which type of contract or commercial model.

At a general level of assessment, revenue and spend under high-complexity (38%), medium-complexity (32%) and low-complexity (30%) contracts shows very little change. By contrast, survey participants rate 12% of the contract portfolio as high-complexity and 16% medium-complexity.

## The pressures for change

While organizations may not be able to associate levels of spend or revenue to each contract type, they are aware that the nature of the portfolio is changing. Geopolitical instability, the economy, and managing uncertainty top the list of CEO concerns, according to Deloitte. To flourish and survive, these factors demand a complicated mix of controls, flexibility and innovation – both internal and market-facing. They impose new demands on the way organizations work with customers and suppliers. This means taking a fresh look at commercial policies and models, rethinking the value of relationships and shifting attitudes and appreciation for contracts.

The growth of trade in services has been positive in terms of balance sheets and cash flow. In many cases, it has also improved flexibility and supported continuous improvement. However, it also creates greater need for collaboration and transparency, factors acknowledged by 60% of survey respondents.

As Figure 6 shows, these pressures – along with the need to deliver positive outcomes – are leading to change in the contracting models in regular use.

Overall there has been movement in the extent of use, leading to increases in every contract type since 2021, except Performance-based, which remains static:

**Relational / collaborative** Overall increase of 14% indicates a growing recognition of the importance of collaborative contract structures.

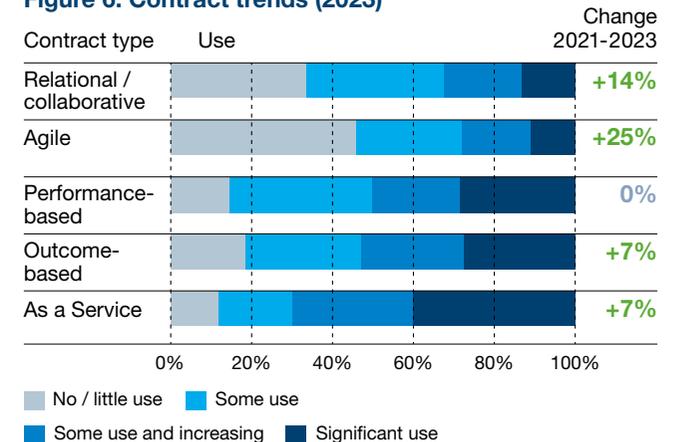
**Agile** Overall increase of 25% suggests that more organizations are embracing agile contracts, possibly driven by a need for flexibility and adaptability.

**Performance-based** Although there has been some movement within the four categories of use, overall there has been no change in the use of performance-based contracts between 2021-2023.

**Outcome-based** Overall increase of 7% signifies a shift toward outcome-driven contract structures.

**As a Service** Overall increase of 7% points to the continued adoption and expansion of service-based contract models.

**Figure 6: Contract trends (2023)**



The data suggests that organizations are increasingly recognizing the value of collaborative and outcome-driven contract structures. Agile contracts are also gaining traction, possibly reflecting the need for more flexible contract management in a rapidly changing business landscape. These shifts in contract types signify a dynamic evolution in contract management practices, driven by a desire for more effective and responsive contract structures.

From the perspective of competencies and organizational capabilities, most of these models require far more active management and, in some cases, far more sophisticated tools, systems and skills than the types of contracts they are replacing. Subsequent sections of the report indicate mixed levels of success in developing the necessary capabilities, with constrained budgets and fragmented authority continuing to frustrate investments in technology and upskilling.



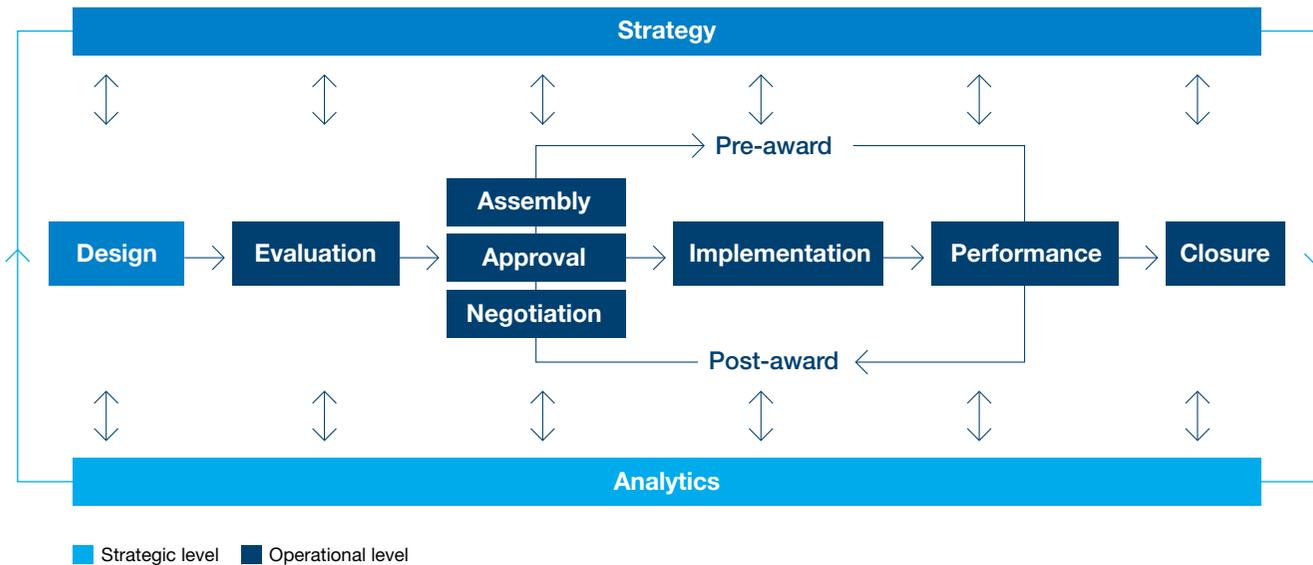
# Process 2: Clarity of the contracting lifecycle

As previously identified, ‘lack of clarity in roles and responsibilities’ is a significant barrier to improved performance. Over 30% of respondents acknowledge that there is a lack of clear responsibility for performing contract management tasks, although an improvement of 7% from the 2021 report, and this rises to 40% for commercial management, a decline of 2% since the 2021 report.

However, at the process level, 42% say that there is no clear responsibility for oversight of contract management and 48% say this for commercial management. In other words, driving and sustaining improvements in the contracting lifecycle remain complicated by the lack of clear ownership or accountability.

Contracting is a lifecycle, see Figure 7, yet it remains misunderstood and murky for most. It continues to be one of the least reformed business processes in any organization. Gaining clarity of the lifecycle, owners and stakeholders in your organization represents a critical first step in addressing the number one priority of improving internal processes.

**Figure 7: The contracting lifecycle**



# Element A: Skills and experience

This study has revealed that raising skills and attracting and retaining talent represent an increasing problem with 89% saying that this is a high to medium priority.

Other WorldCC studies and recent executive roundtables reinforce these findings with many experienced staff seeking alternative roles and an insufficient pipeline of new recruits. In some instances, this has led to severe staff shortages adding further to the operational overload of those who remain.

In others it has forced the need to promote relatively junior or unskilled staff into roles that are above their current capabilities. Hence while 88% indicate that they are under pressure to expand their role and contribution, this study shows that in general there is very limited movement and in more strategic areas there has mostly been a decline.

In particular, functional executives recognize the need for improvement in relationship management skills, problem solving and identifying creative or innovative solutions.

Against this, the data indicates that resources frequently remain absorbed by relatively repetitive (and some might say, administrative) tasks such as contract drafting, and development and negotiations driven by the traditional battle of the forms – over 90% of transactions are based on standard contract templates and these result in negotiation more than 60% of the time. These are clearly areas where technology and updates to policy or practice should be having a positive impact, but time spent on change initiatives, market research, and development declined in the last two years.

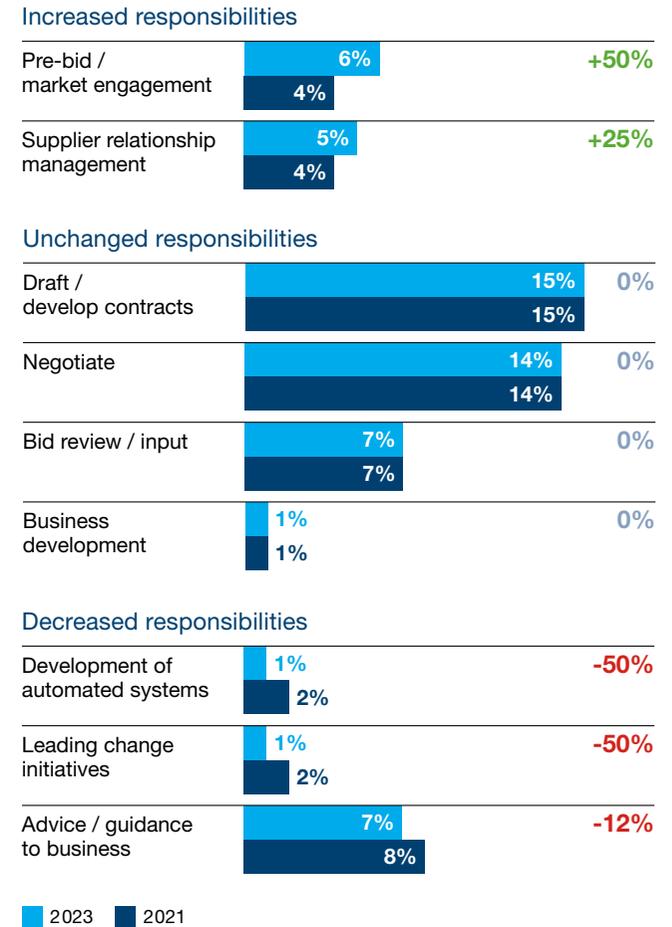
The overall time spent on technology, tools and systems remains far below the levels needed to drive significant improvements in process and performance.

Many of the responsibilities for CCM groups have remained stable between 2021 and 2023, see Figure 8. Two dominant activities, drafting and negotiation, are examples of this.

Despite the stability of some responsibilities, there are a number of subtle yet noteworthy shifts in organizational priorities. There are increases in focus on pre-bid and market engagement and also supplier relationship management. Neither is a surprise, given the turbulence of markets and the criticality of improved supply management.

The areas of declining focus are also worth noting, even though these reductions come from an already low base. In particular, leading change initiatives is an area where an increase might have been expected, as a response to shifting market needs. The fact that this has declined is in part attributable to the short-term pressures of operational overload and also to the more pressing need to drive underlying improvements in process and capabilities.

**Figure 8: Changes in responsibilities**

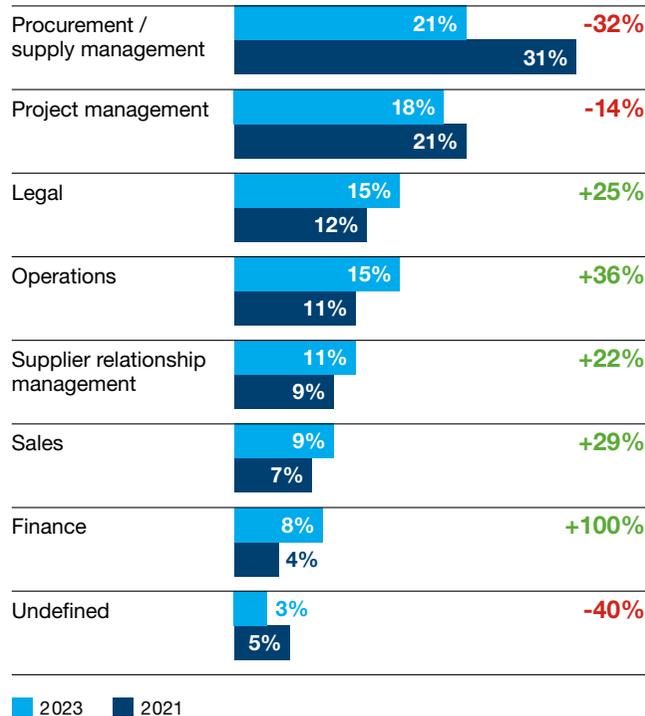


## Element A: Skills and experience (cont.)

As previously noted, the fragmentation of CCM responsibilities means that there is a significant need for related skills in other parts of the business. The data indicates that in general this is lacking because there are no tools and there is minimal training provided. Figure 9 indicates the percentage of time that different functional groups have lead responsibility for some or all of the contracting process.

In terms of the current levels of investment in formal training, the mean number of hours per head, per year is 34 hours with a budget of US\$2,044.

**Figure 9: Percentage of time that functional groups have lead responsibility for some or all of the contracting process**



## Roles and responsibilities

The primary roles and responsibilities for contract management and commercial management resources show little change from 2021 to 2023, see Figure 10. To the extent that they have altered, the shift is generally negative when considering the function's goal of increasing strategic value. For example, 'creating competitive advantage' does not feature in the top 5 for either list and 'managing change' doesn't make the top 5 for commercial management. In current business conditions, it is surprising that these two are not considered higher priorities although we see them featuring more strongly in organizations that have made the greatest progress to becoming a high value-add function. In addition, whereas balancing business objectives with client needs was in third place for commercial managers in 2021, it is now outside the top 5 priorities in seventh.

**Figure 10: Top 5 priorities**

2023	Contract management	(2021)	Change
1	Risk mitigation and management	(1)	—
2	Ensure controls / compliance	(2)	—
3	Negotiation center of excellence	(3)	—
4	Financial impact	(4)	—
5	Manage change	(5)	—

2023	Commercial management	(2021)	Change
1	Financial impact	(1)	—
2	Risk mitigation and management	(2)	—
3	Ensure controls / compliance	(5)	↑
4	Facilitate external relationships	(3)	↓
5	Identify opportunities for added value	(8)	↑

## Element A: Skills and experience (cont.)

### Knowledge sharing and reuse of past solutions

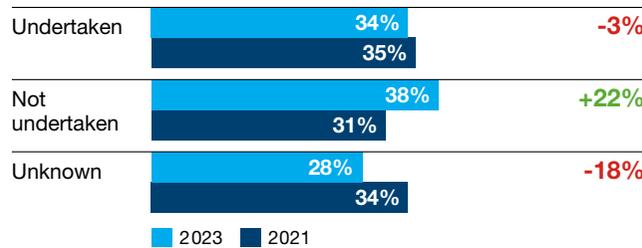
A critical indicator and enabler of skills and experience is the extent to which contracts and commercial teams achieve high levels of knowledge sharing and the ability to reuse or learn from past solutions. While the 2023 results represent some improvement, perhaps in large part due to the uplift in technology deployment, 70% still acknowledge that their capabilities in this area are either rudimentary (35%) or in process of development (35%). This compares to 37% and 41% respectively in 2021.

25% now have a widely deployed, formal process and monitoring (19% in 2021) and 5% have a mature process which includes positive measurements of value achieved (4% in 2021).

The data in Figure 11 suggests that while there is an increase in the presence of education and training resources, other areas like skills audits, understanding skill gaps, and budget allocations for skills development have seen a decline or lack of substantial progress. This could point to a range of issues, including financial constraints, shifting priorities, or challenges in accurately assessing and responding to skills development needs in the contract and commercial management space. The focus going forward should include not only establishing training resources but also ensuring adequate understanding, assessment, and budget allocation to address skill gaps effectively.

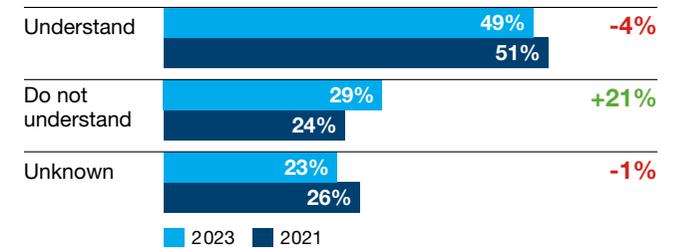
**Figure 11: The impact of changing markets and introduction of new technologies on CCM skills**

#### Skills audit / assessment



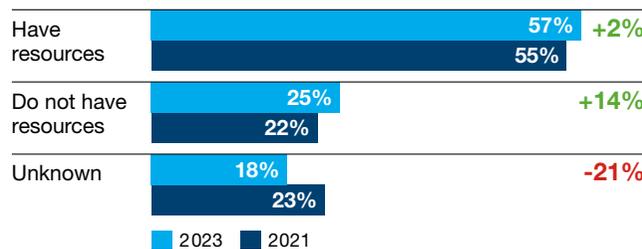
There is a slight decrease in organizations that have undertaken a skills audit / assessment of current staff. A notable increase is observed in organizations that have not undertaken this audit, indicating possible challenges or lower priority given to this area over the two years.

#### Understanding skill gaps



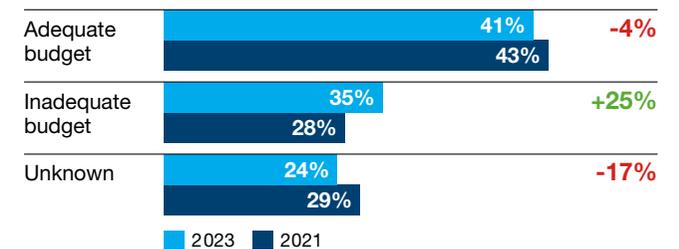
There is a slight decrease in the understanding of skill gaps relative to future needs and an increase in those who do not understand, suggesting potential difficulty in grasping the future skill requirements or a lack of emphasis on this area.

#### Education / training resources



Slightly more organizations have education / training resources in place in 2023, a positive trend showing an increased commitment to enhancing CCM skills. However, those that do not have resources has similarly increased.

#### Budget for skills development



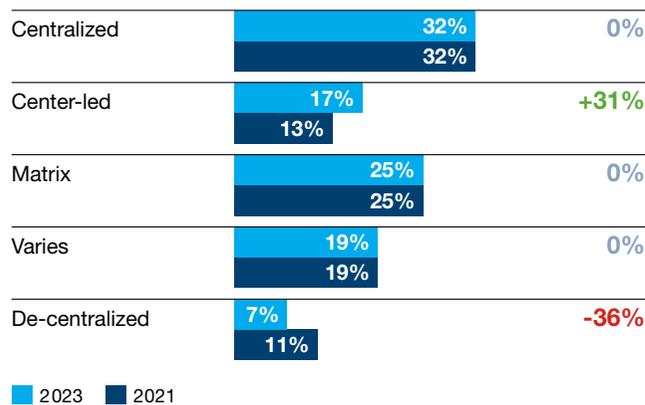
There's a slight decrease in organizations with adequate budgets and a notable increase in those with inadequate budgets, which may signal increasing financial constraints or other priorities overshadowing skills development.

# Element B: Organizational structure

As previously observed, in more than 40% of organizations there is no defined owner of the contracting process or of commercial policy and practice. This is reflected in the wide variety of organizational structures for performing the CCM role.

Only 50% of organizations have full time CCM resources deployed across the entire business. A further 34% have some dedicated resource.

**Figure 12: CCM resources**



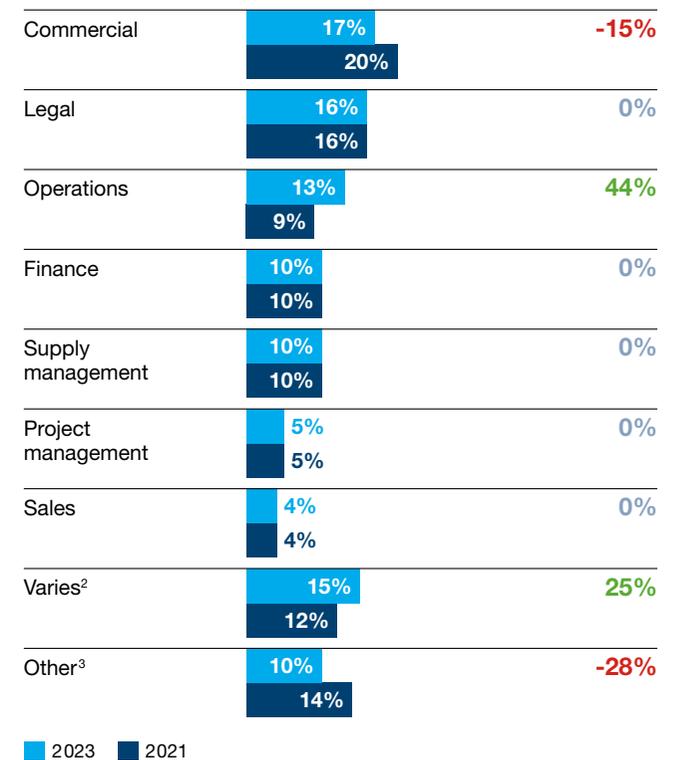
As Figure 12 shows, the trend towards consolidation of resource has continued and this is also true in terms of the percentage that now include funding for technology in their budget. This has risen from 50% in 2021 to 57% in 2023. In terms of overall funding for CCM resources 46% are covered through a central budget and applied across the business through overhead. 25% are included in business unit or business division budgets. 11% establish funding through cost recovery and 17%<sup>1</sup> report a mix of budget source.

The scope of responsibility for dedicated resources also varies with 79% covering both pre- and post-award activities, 8% pre-award only and 13% post-award only. This represents a continued trend that has expanded the role of many across the contracting lifecycle.

Many aspects of contract management remain part of other job roles and this is examined in more detail in this report's section on Skills and experience (page 10).

The overall variability of organizational structure is reflected in differing perceptions of the role and purpose of contracts and commercial resources. This is most evident in the continued variability of reporting lines as shown in Figure 13.

**Figure 13: Variability of reporting**



1. This is typically through a mix of central budget and cost recovery. For example, commercial management maybe a central budget and contract management cost recovery. It may similarly reflect the divided funding for offshore / outsourced resource versus the rest.

2. This is frequently by business area but may also reflect a split between where commercial management sits versus contract management.

3. This is typically where resources report to a business unit executive or in the case of smaller businesses, directly to the CEO.

## Element B: Organizational structure (cont.)

There is a growing trend towards integration of buy-side and sell-side contracting resources. This is a welcome development given the importance of integrated data flows and in many cases reflects the push for more collaborative approaches to business relationships. Since 2021 the percentage of organizations where there is no integration has reduced to 54%, from 65% and the percentage with full integration is now 18%, down from 10% in 2021.

Finally, there has been a significant increase in building offshore or outsourced capability. 28% now make some use of offshore resources (up 6%) and a further 10% (up 3%) have developed offshore captive centers. 21% (up 4%) utilize other forms of outsourcing. The most commonly performed tasks are:

- Contract review and discovery
- Contract administration and performance monitoring
- Accounts payable or receivable.

Other activities performed by these resources include:

- Negotiation
- Repository management
- Analytics
- Obligation tracking
- RFP / bid management.

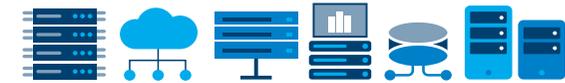


## Element C: Digital strategy

While improving internal processes has risen to the top of the list of strategic priorities, viewed by 96% as high or medium priority, the focus on developing and implementing digital strategy has not seen a similar increase.

In 2023 it is viewed as high priority by 37% compared with 38% in 2021. Far from contradicting each other, these findings appear to reflect the challenges many face in identifying process roles and responsibilities and establishing where contract related data is currently held. Previous WorldCC reports have indicated that in medium to large organizations, contract related data is housed on average in 24 different systems. In one extreme case this number was 121.

Further complicating matters, many still struggle to even identify where individual signed agreements are stored, hence while developing and implementing a digital strategy maybe an important objective, for many it remains currently unattainable until other improvements have been made.



**In a typical mid- to large-size organization, contract-related data sits in 24 different systems.**

# Element D: Technology and tools

The comparison of **deployment** and **interest** provides insights into attitudes to technology in CCM capabilities and shows significant shifts over two years.

## Deployment and technology

As displayed in Figure 14a, the overall trend in the **deployment** of CCM technologies has been positive, with both new adopters and an expansion of functionality by many existing users. This latter trend is particularly noticeable in areas such as digitized contract playbooks (+137%), contract obligation extraction (+50%), and artificial intelligence / machine learning (+75%). Each of these clearly contributes to greater speed and efficiency, as well as contributing to improved risk management.

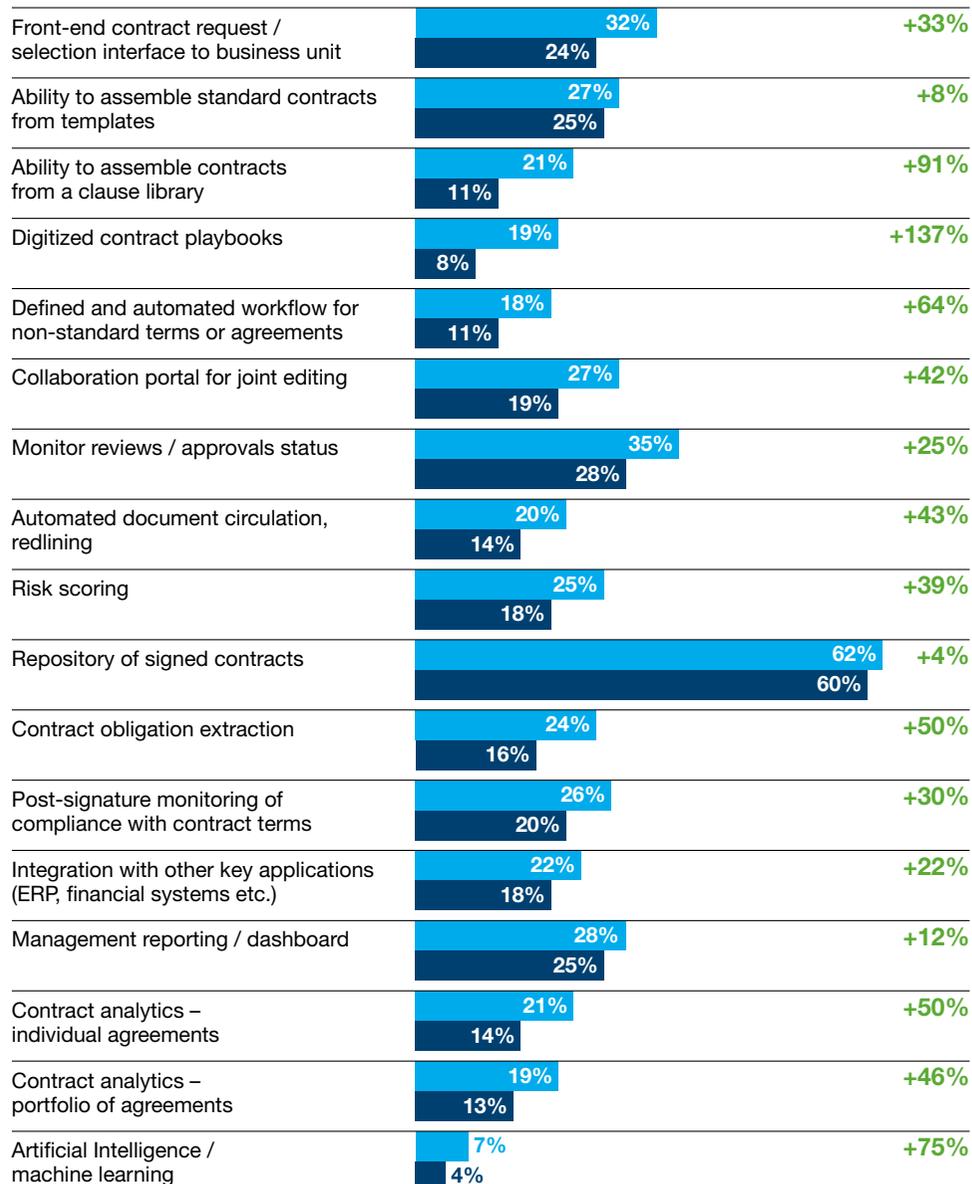
The focus on process efficiency is also evident in the extent of workflow automation, with increased adoption of defined and automated workflow for non-standard terms or agreements (+64%) and automated document circulation /redlining (+50%).

AI and analytics provide a more varied picture.

Deployment shows a substantial increase – contract analytics for individual contracts (+50%) and portfolio (+46%); artificial intelligence / machine learning (+75%). This suggests that many existing tech users recognise the value of data-driven insights. However, among non-users, interest has surprisingly declined, suggesting a growing divide in the quality of market intelligence.

Some core capabilities, like the repository of signed contracts (+4%) and integration with other key applications (+22%), have seen steady but less dramatic growth, to some extent reflecting the fact that these are among the most developed areas of adoption.

**Figure 14a: Deployment of technology and tools by capability**



## Element D: Technology and tools (cont.)

### Interest in technology

While deployment has generally increased, **interest** levels in most capabilities have decreased or remained stable, see Figure 14b. This implies a growing divide between the technology adopters and those who remain skeptical or tech-averse. For some, this may be due to prioritizing other aspects of contract management – for example, improved process definition or clearer roles and responsibilities – which could be seen as pre-requisites to technology selection and deployment.

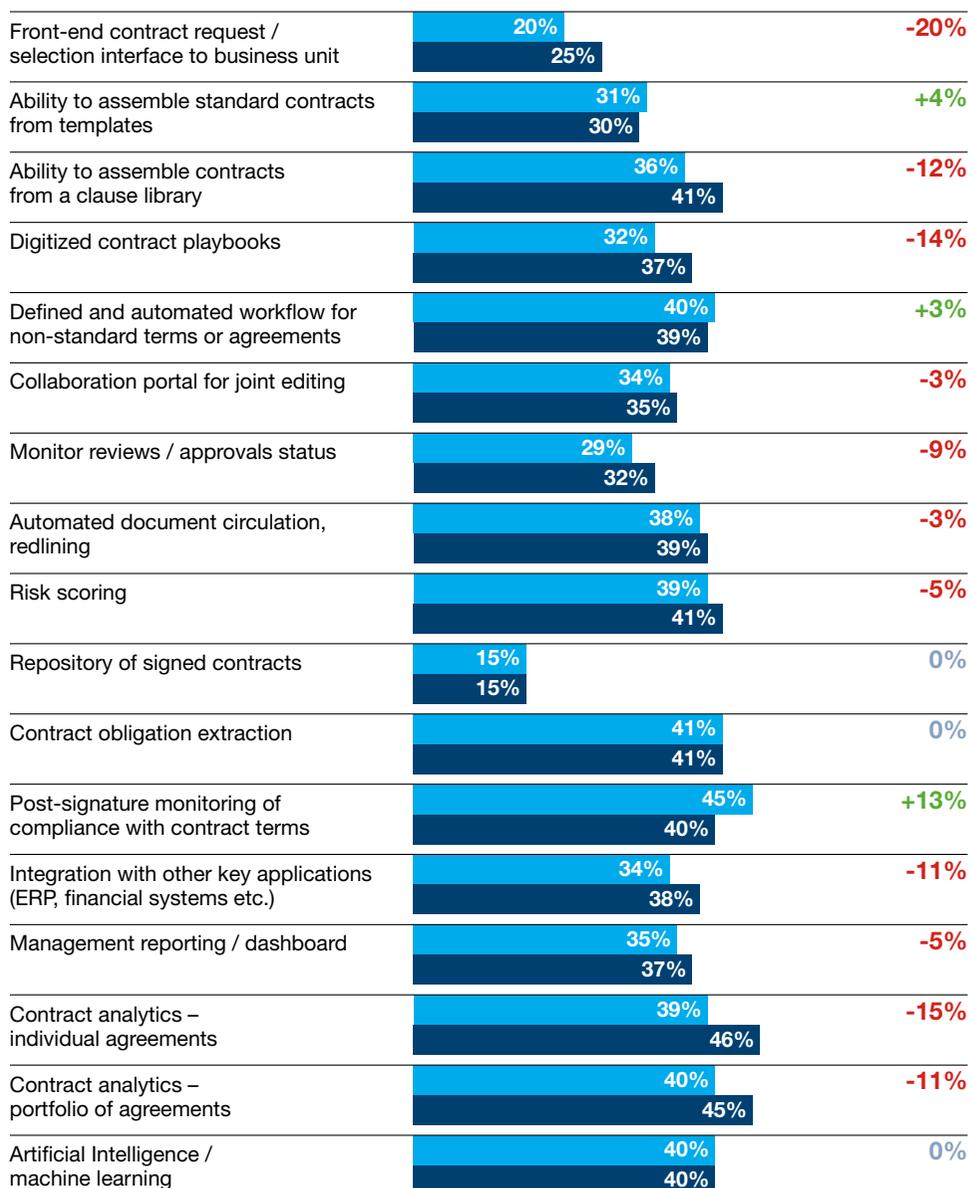
Areas where there is decreased interest include front-end contract request / selection interface (-20%), ability to assemble contracts from a clause library (-12%), and digitized contract playbooks (-14%). The area with most significant increased interest is post-signature monitoring of compliance with contract terms (+13%) – perhaps inevitable given the rate of change in market conditions.

Interest in abilities like assembling standard contracts from templates (+4%) and defined and automated workflow for non-standard terms or agreements (+3%) has remained relatively stable.

As previously observed, while there has been an increase in deployment, interest in future deployment of contract analytics tools, both for individual (-15%) and portfolio (-11%) analysis, has decreased. This might be due to challenges in implementing and utilizing advanced analytics tools effectively and most likely represents a deferral rather than outright rejection.

**The data for deployment and interest shows that the traditional forecasts of technology adoption for CCM are steadily translating to successful deployment. The sophistication of the available technology, together with increased understanding of the pre-requisites for deployment, are leading to real progress, especially now in areas like workflow automation, AI, and analytics.**

**Figure 14b: Interest in technology and tools by capability**



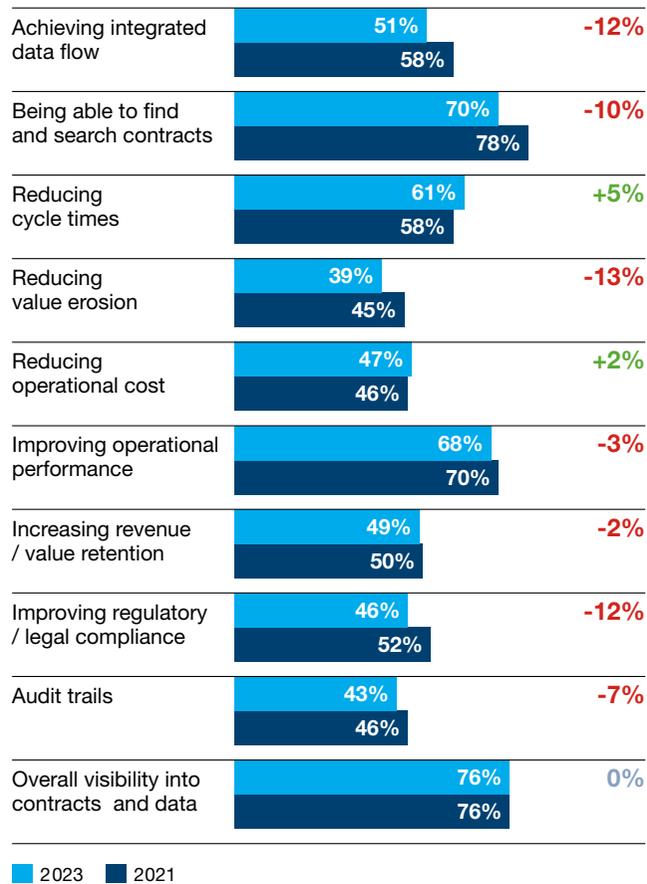
## Element D: Technology and tools (cont.)

### Major drivers for acquisition of tools and systems

Despite some changes over the two-year period, major drivers for the acquisition of contract lifecycle management (CLM) tools and systems remain largely consistent, see Figure 15. They focus primarily on operational rather than strategic performance which makes sense in the context of trying to increase operational efficiency but clearly at this time does not assist in delivering strategic value. This suggests that most organizations are making a choice between the two, although it may also reflect the limitations imposed by current skill sets.

As background to this data, 40% of survey respondents indicate that they are contemplating the acquisition of a new system in the next 12 months.

**Figure 15: Reasons to acquire new system**



### Major drivers in 2021 and 2023

- Being able to find and search contracts
- Overall visibility into contracts / contract data
- Improving operational performance.

### Notable changes between 2021 and 2023

#### Reducing value erosion

- Decrease of 13%
- This suggests organizations might be facing challenges in achieving this goal or other areas have taken precedence.

#### Achieving integrated data flow

- Decrease of 13%
- Possibly indicates that organizations have made progress in this area, lowering its priority.

#### Improving regulatory / legal compliance

- Decrease of 12%
- This could reflect a reduced emphasis on regulatory compliance, potentially due to a more stable regulatory environment or improvements in meeting compliance requirements.

#### Reducing cycle times

- Increase of 5%
- Signifies a growing emphasis on efficiency and speed within the contract lifecycle.

## Element D: Technology and tools (cont.)

### Insights and trends

#### Efficiency and speed

Emphasis on reducing cycle times has seen a positive change, highlighting a growing need for speed and efficiency in managing contracts.

#### Operational costs and performance

Improving operational performance and reducing operational costs remain pivotal, signalling a continuous focus on operational excellence.

#### Searchability and visibility

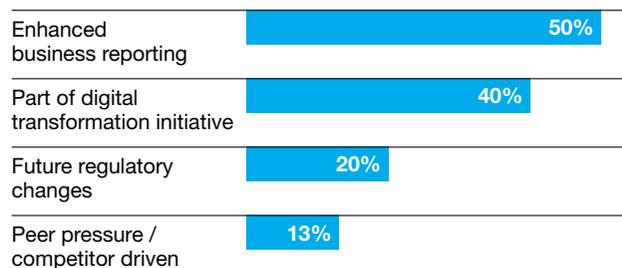
The ability to find, search, and have overall visibility into contracts remains crucial, underlining the significance of ease of access and transparency in contract management.

#### Regulatory compliance

Decreased emphasis on improving regulatory / legal compliance could be a potential area of concern or it may indicate that organizations have improved in managing compliance effectively, thus reducing its priority.

Figure 15 showed the comparison of key reasons and how these altered between 2021 and 2023. The 2023 survey included four additional areas that could be driving acquisition decisions, see Figure 16. Of these new areas 'enhanced business reporting' was the most significant coming in sixth place in the overall listing. 'Being part of a digital transformation initiative' also generated a significant response. Once again, 'regulatory considerations' were surprisingly low in perceived importance as was 'competitive pressure'.

**Figure 16: High-priority areas driving acquisition decisions**

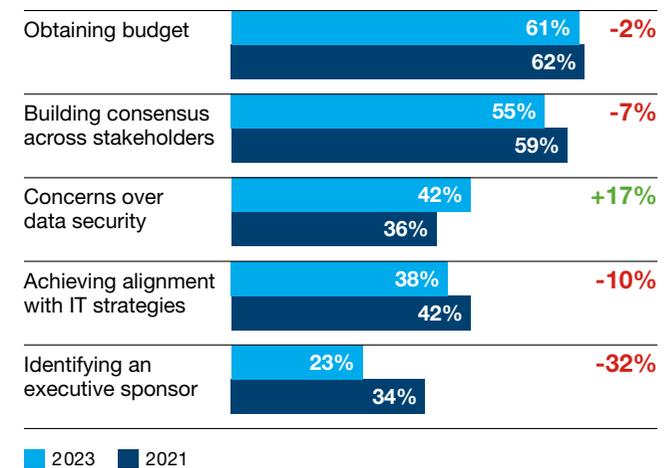


In conclusion, while some priorities have shifted, the central focus remains on enhancing operational efficiency, visibility, and ease of access to contracts and their data. The advances being made in areas like integrated data flow and compliance is perhaps leading to a decrease in their future priority, while the emphasis on reducing cycle times indicates continued frustration with the perceived delays that are a feature of the contract management processes.

### Barriers to acquisition

Obtaining budget (61%) and building consensus across stakeholders (55%) remain the primary challenges facing those wishing to make an acquisition. In both cases, this represents a slight decline since 2021, see Figure 17. Concerns about data security are now seen as a barrier by 42%, the increase perhaps reflecting the broader issues associated with the incorporation of artificial intelligence into many systems. Against this, only 23% report difficulty in identifying an executive sponsor, a substantial fall since 2021 and confirmation that senior management increasingly appreciates the importance of automating the contracting process.

**Figure 17: Barriers to acquisition**



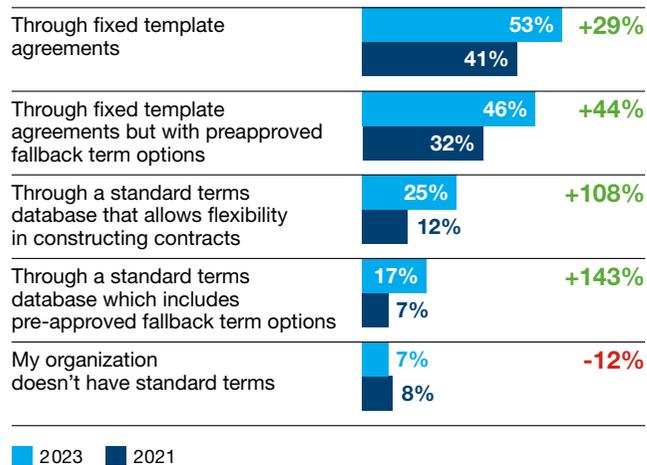
Several new factors, not in the 2021 data, were examined in 2023. Of these, both integration with other systems (47%) and the prior need for streamlining internal processes (42%) emerged as significant barriers.

# Element E: Simplification

## The deployment and use of standards

The analysis of the data comparing how organizations handle contracts, particularly in terms of standard terms and templates, between 2021 and 2023 reveals notable trends and shifts in contract management practices, see Figure 18.

**Figure 18: Deployment and use of standards**



Firstly, there has been a significant increase in the use of fixed template agreements. In 2021, 41% of respondents reported using fixed template agreements, while in 2023, this percentage increased to 53%, indicating a 29% rise. This suggests that organizations are increasingly relying on standardized templates to streamline contract processes, potentially improving efficiency and reducing the need for extensive customization.

The utilization of fixed template agreements with pre-approved fallback term options has also seen substantial growth. This approach has gained 46% in popularity, with 46% of respondents adopting it in 2023 compared to 32% in 2021. It reflects a desire for flexibility while maintaining a structured framework for contracts, which can be especially valuable in negotiations and risk management.

One of the most remarkable shifts is the adoption of a standard terms database that allows flexibility in constructing contracts. The percentage of organizations using this approach more than doubled, increasing by 109%. This indicates a strong inclination toward customizable standard terms that can adapt to specific needs, potentially enhancing agility and responsiveness in contract management.

Similarly, the use of a standard terms database that includes pre-approved fallback term options also witnessed significant growth, with a 127% increase. This approach combines the benefits of standardized terms with the flexibility to accommodate variations, suggesting a desire for a balanced approach to contract management.

Interestingly, the data shows a slight decrease of 11% in organizations reporting that they don't have standard terms. While this shift is relatively modest, it may indicate a growing recognition of the advantages of standardization, even among organizations that previously did not have standard terms.

In conclusion, the data underscores a clear trend toward greater standardization and flexibility in contract management practices between 2021 and 2023. Organizations appear to be seeking ways to balance efficiency and adaptability in their contract handling processes to meet evolving business needs and market dynamics.

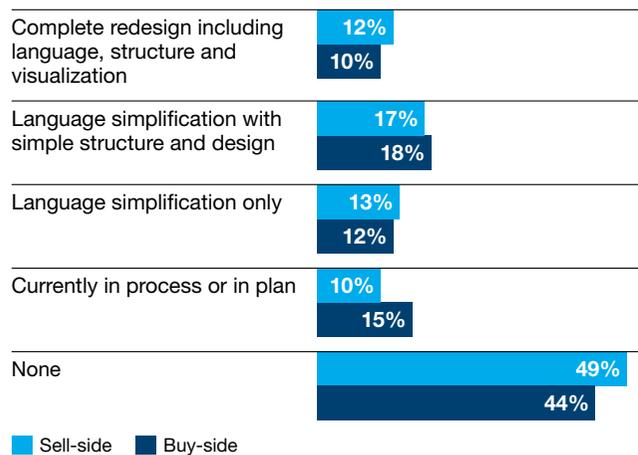
While work on developing standards and more effective methods of contract assembly continue to make progress, 34% of CCM teams are still regularly handling contracts with values below \$100k. Overall more than 20% of CCM resource remains focused on low-complexity agreements, reflecting how many struggle to develop and implement effective self-service tools which would both reduce cycle times and free up resources from current operational overload.

## Element E: Simplification (cont.)

### Contract design

The momentum to simplify contracts continues to gather pace, with sell-side organizations in particular starting to appreciate how this can ease negotiations and improve performance levels. Figure 19 shows the percentage who have undertaken simplification initiatives in the last two years. Within this, the percentage now starting to include visualization has doubled.

**Figure 19: Simplification initiatives undertaken sell-side versus buy-side**



We also asked what types of agreement are most often the focus for simplification. Non-Disclosure Agreements (NDAs) top the list, perhaps supporting efforts to streamline their use within the business. It is interesting to see Construction Contracts in fourth place, suggesting efforts within the sector to reduce the frequency of disputes and improve levels of collaboration are gathering pace.

Regardless of the type of initiative, certain types of agreement feature consistently. These are:

- 1 Non-Disclosure Agreements (NDAs)
- 2 Master Services Agreements (MSAs)
- 3 Supply Agreements (sell-side focus)
- 4 Construction Contracts
- 5 Purchase Agreements (buy-side focus)
- 6 Licensing Agreements
- 7 Framework Agreements
- 8 Employment Contracts

# Conclusion

**Benchmarks never stand still. As this report shows, in the last two years there have been significant shifts in key areas such as the types of agreements used and the deployment of technology.**

The pandemic and subsequent events – supply chain disruption, geopolitical tensions, the energy crisis, inflation – revealed the fragmentation of the contracting process and severely disrupted strategic plans. They led to appreciation of the urgent need for more integrated data and more flexible contract and commercial models. The shift in priorities shows clearly in this 2023 report, as operational capability pushes strategic value into the background.

Moving forward, we anticipate that the focus on process efficiency will persist. It will result in further consolidation of CCM resources (including integration of buy-side and sell-side contract operations); the continued push for technology appears inevitable; and greater thought will be given to the portfolio of contract models and terms, together with the organizational capabilities these require.

Those responsible for CCM face a demanding time, as they seek to balance the pressures of operational workload with the need for streamlined processes and upgraded skills. Those pressures have in many cases damaged morale and created resourcing challenges. It is in an environment like this that a sense of community becomes so important – the ability to share ideas and data, to support each other in the management of change. And it is in this context that benchmarking has such a critical role to play, providing current insights that inform decisions, establish targets and support the case for investment.

Organizations that flourish are those with clear goals and targets, those with the ability to gain management attention and investment, those who are seen as agents of change.

Most CCM groups have no structured approach to benchmarking. Many wait until there are internal pressures for improvement and then lack data to know what they should do to respond.

Contributors to this report are different. They have understood the critical importance of self-reflection, of developing insights. But even more, they appreciate and use out-sights – knowledge of what others are doing, using that knowledge to gain attention, to deliver strategic value to their business.

Thank you to all those who made this report possible, who have enabled us to provide this invaluable service to our community and to business capabilities more generally. For those who did not contribute, but will make use of this data, please think again about the important role that research plays in our future – and commit to contributing in future.



**This report clearly shows a shift in priorities as operational capability pushes strategic value into the background.**

## 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

Other reports in this series include a focus on:

- Geography
- Buy-side and sell-side
- Sector-specific data.