

World's Largest Packaged Food & Beverage Company Uses Contract Management Solution to Manage Contracts

For the typical Fortune 100 firm, the number of IT purchasing contracts—agreements for everything from hardware/software to maintenance to consulting services—can be overwhelming. But spread these agreements over multiple divisions, markets, and geographies and you have a potential nightmare on your hands. That's what this company—one of the world's largest packaged food and beverage companies—was facing in early 2002. About a year earlier, it began to consolidate and centralize its IT spending across the various divisions around the world. Improving the contract management process was a natural complement to the consolidation program.



“This solution provides exactly what we need in terms of usability, functionality, and cost, not to mention their domain expertise and responsive consulting and technical support services.”

Project Manager

The Need: Bringing Order to Contract Chaos

Prior to implementing Procuri Contract Manager, hard copies of all IT purchasing contracts were stored in filing cabinets within each division (In December 2007, Procuri was acquired by Ariba). Each division had key people that would negotiate the contracts to get the best deal for their organization. Without a central contract repository, there was limited purchasing leverage, a major lack of meaningful reports, numerous missed deadlines, and a lot of time consuming faxing and mailing of contracts.

“We had divisions going off on their own and buying disparate systems or cutting separate deals with vendors from which we had already purchased. But, we had zero procurement leverage,” explains the project manager. However, according to the project manager, just as painful was the fact that the company had no control or visibility into its plethora of contracts. Contract deliverable and renewal deadlines were missed on a regular basis. This required the company to start from scratch and renegotiate less favorable terms, usually from a weaker position. Or the opposite scenario would be where, because



807 11th Avenue
Sunnyvale, Ca 94089
1-650-390-1000
www.ariba.com

of the consolidation effort, the company wanted to replace or terminate a purchasing relationship. To do this, the company had to honor the cancellation notification period which, if overlooked, would commit the company to a mandatory contract renewal for a year or more.

The last straw came when a vendor gave the company its software free of charge, but with a stipulation—in fine print of course—that obligated the company to pay software maintenance fees of over \$200,000 a year later—all due to the lack of contract reporting and visibility. It was clearly time to take action.

Real-Time Contract Visibility

After completing an extensive evaluation of several contract management products, the company selected Procuri TotalContracts due to its ability to meet their ease-of-use, image support and reporting requirements.

“Other vendors had decent functionality, but the user interfaces were difficult to navigate and the products were too expensive,” says the project manager. “This solution provides exactly what we need in terms of usability, functionality, and cost, not to mention their domain expertise and responsive consulting and technical support services.”

The company implemented Contract Manager in January 2002 on a pilot basis. However, it didn’t take long for the application to be proven invaluable in managing the company’s more than 4,000 contracts.

“Contract Manager gives us near real-time contract visibility,” said the project manager. “So, now when a deal starts, negotiators and brand category leaders can see what other deals are in place or in process. This gives us a tremendous negotiating advantage. In addition, this helps cut down on the number of different IT systems we have to support.”

Visibility is also playing a key role in helping to understand all the company’s contract commitments. According to the project manager, with Contract Manager, the company now has access to all of its IT purchasing contracts enterprise-wide anytime, anywhere. This allows users to quickly pull up the contract, view the terms, and easily share information and collaborate across various divisions.

Results

- *Enterprise-wide access to purchasing contracts anytime, anywhere*
- *Significant cost savings and enhanced productivity*
- *Company-wide contract tracking*

On Top of the Details

One particularly useful feature is Contract Manager’s Event Alert. With this feature, managers can stay on-top of all contract commitment deadlines. No more being charged with cancellation fees, renegotiating from a weak position, or getting stuck with an unwanted vendor. The project manager estimates that this feature alone has enabled the company to pay for the software investment several times over. Beyond the direct cost savings and productivity benefits, the result of having a centralized contract database allows the

company to track all contracts across the enterprise. “With Contract Manager, we can easily track all our contracts. We know instantly how many deals we have, what their status is, and who is handling the contract. This is extremely useful for allocating and planning resources based on our projected contract workload,” explained the project manager.

About Ariba

Ariba, Inc. is the leading provider of spend management solutions to help companies realize rapid and sustainable bottom line results. In December 2007, Ariba acquired privately held provider of on-demand supply management solutions, Procuri. Successful companies around the world in every industry use Ariba Spend Management software and services. Ariba can be contacted in the U.S. at 1-650-390-1000 or at www.ariba.com.