



## **ASC Contracts Product Overview**

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**Advanced Software Concepts**

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## **1.0 Overview**

Contracts are the fundamental building block in any business. They constitute the binding relationship between a company and its customers and suppliers; defining the terms, conditions, and charges for the products and services provided. Managing contracts manually for large organizations is inefficient and cumbersome. Contracts get lost, incorrect contract terms are used, and renewals do not happen when they should, resulting in wasted organizational time, lost revenue, and increased costs. Compounding this situation is the potential risk and liability that organizations face when not using approved terms and conditions. Control over contractual agreements is essential to survive the scrutiny of a financial audit or to support litigation.

Large organizations can reduce costs, maximize revenue, and maximize the inherent value of a contract with an accessible repository of contracts (the signed agreement and the underlying data) complemented by sound business processes. This document presents some of the contract management problems that organizations encounter and the benefits that a best-of-breed contract management system such as ASC Contracts can offer.

## **2.0 What Contract Management Issues Do Enterprises Face?**

There is nothing new about contract management. Somewhere in every organization, there is a bank of filing cabinets, stuffed with paper contracts that are being “managed.” Being “managed” means creating and signing the contract or figuring out what went wrong if there is a problem. Today the sheer number of contracts and the speed with which the organization must perform is stretching manual processes to the breaking point. In addition, complex pricing models and business relationships (embedded in contracts) necessitate contracts’ visibility throughout the organization during the entire term of the agreement. Without applying technology to this age old business problem, organizations lose competitive advantage by not being able to form complex and strategic agreements with their trading partners. Recognizing the issues that face organizations trying to manage their contractual relationships ASC has built ASC Contracts to address revenue assurance, risk management, organizational efficiency, cost management, and corporate governance.

### **2.1 Revenue Assurance**

Revenue Assurance is the work done to ensure that processes, practices, and procedures maximize revenues. It requires that contract management is end-to-end, crossing all departmental boundaries and involves completeness, accuracy, and timeliness of data.

Revenue leakage results when earned income is lost on its way to the “corporate wallet.”

Examples of revenue leakage include:

- Under-billed or unbilled Services
- Misapplied credits and adjustments
- Incorrect pricing
- Late or nonexistent contracts renewals

- Contract renewals without price increases

To date, Revenue Assurance initiatives are unsuccessful because they lack access to critical data and have few tools to support their work. With ASC Contracts, the information needed for Revenue Assurance is guaranteed:

- All Contract Data is Online and Searchable (Terms, Quantities, Prices...)
- Contract Status Information (Draft, Pending Signature, Signed)
- Contract History (who changed what and when)
- Contract Transmissions (Who sent, downloaded, faxed it, to whom, and when)
- Signed Contract Images

With ASC Contracts, the organization has the tools not only to recognize and react to Revenue Assurance issues, but also to ensure they do not recur:

- Contract Management Workflow (Stages, Triggers and Events)
- Termination Reporting (Contract Renewals, Expiry, Extensions...)
- Status Reporting of Contracts in Process
- Compliance Reporting (Contract Milestones)
- Automated “Kickoff” of Downstream Delivery activities

## **2.2 Risk Management**

Risk Management comprises the design, implementation, and monitoring of processes integrated into the day-to-day activities of the company. These processes protect the organization’s intellectual property and minimize exposure to risk through litigation, business stoppage, lost revenue, and increased costs. By maintaining a sound system of risk management and internal control, organizations ensure:

- Protection of company assets (including information)
- Compliance with applicable laws, regulations, and codes
- Regular reviews of processes and procedures to ensure effectiveness
- Reliability of the company’s internal systems of control and reporting

The Gartner group points out that with manual systems, contracts “may be filed in hundreds of different locations...with no link between them to ensure that changes are reflected in every copy”. Additionally, “the physical security and access controls may be the responsibility of many different business units (without) any audit trail of access to contracts, or change management controls.” With ASC Contracts, organizations are able to apply the discipline and control to minimize risk by:

- Always using the latest T&Cs in every new contract
- Always using the correct T&Cs with each Product and Service
- Allowing Optional Contract Clauses based on predefined business processes
- Requiring appropriate legal reviews to any changes to T&Cs
- Connecting Contract Signing to downstream Delivery and Billing

## **2.3 Organizational Efficiency**

Contract Management has traditionally been a manual, paper-based process. Even the largest organizations manage contracts with an assembly of disjoint tools (e.g. Excel), lots of filing cabinets and extensive manual intervention, such as re-keying data numerous times. The result is solutions that are breaking under the pressure of increased volumes and increased complexity. Organizations are unable to react to

critical changes in the business and face lost opportunity and increased costs. ASC Contracts offers organizations a fully automated process to exercise full management control with less administrative effort. Contracts cease being an administrative nightmare and become a corporate asset that can be leveraged throughout the organization.

## **2.4 Cost Management**

In a recent white paper, Goldman Sachs identified that "Enterprises currently spend as much as 100 basis points of their revenue to manage their buy-side contracts". Procurement teams lack the information to track contracts, a comprehensive means of analysis and reporting, and consequently, the ability to renegotiate contracts on terms with a significant reduction in operating costs. With ASC Contracts, Procurement has the information and tools to generate reports for:

- Historical product and service prices
- Historical product volumes
- Expiring contracts and price revision rights
- SLAs (Contract Milestones)

## **2.5 Corporate Governance**

In the wake of reported irregularities in some listed companies, investors are increasingly concerned about companies' failure to report losses; effectively identify, address, and report on risks; and generally, to comply with good corporate governance practices. Recent implementation of government regulations has increased the need for corporations to establish control over their contracting processes. Forrester recently reported that "CIO's and their business partners are increasingly looking for contract-life-cycle management (CLM) solutions for all of their businesses' contracts, even if they deploy them in stages". ASC Contracts can give these organizations a powerful tool to get control of their contracts and deal with the challenges of Revenue Assurance and Risk Management that confront them.

## **3.0 Contract Management and ERP/CRM Systems**

While enterprise resource planning (ERP) and customer relationship management (CRM) systems provide generic enterprise-wide solutions, they do not have the agility to handle the increasing complexity of contracts and respond to the day-to-day requirements of contract management. Goldman Sachs estimates that "ERP vendors cover 20% – 30% of the needs of most enterprises."

This explains the recent Aberdeen Group findings that "50% – 60% of companies have funded extensions of their ERP systems and that most others have relied on offline spreadsheets, standalone databases, or homegrown solutions. The balance has adopted a do-nothing or manual approach." For the large organizations, a "good enough" approach is not going to be sufficient to satisfy a Board and Shareholders intent on seeing control and discipline injected into the management of contracts.

The above being said, ERP and CRM are extremely valuable assets and bring substantial value to organizations. While the thought of using a "Best of Breed," application for Contract Management is attractive, creating another "Stove Pipe" in the organization is not on anyone's agenda. ASC offers a "Best of Breed" alternative with

an open architecture that allows easy integration with ERP, CRM, and Legacy Applications. This approach ensures that your ERP/CRM investment is maintained while adding sophisticated contract management capabilities fully synchronized with all your critical business processes.

#### **4.0 Who's Involved and Who Benefits**

As was said earlier, Contract Management "is end-to-end, crossing all departmental boundaries and requires completeness, accuracy and timeliness of data." Each group in the process contributes and derives benefits. Here is how these departments benefit from ASC Contracts.

##### **4.1 Sales**

With ASC Contracts, Sales quickly and easily creates the correct contract, for the given product or service, every time. Inherent to the process is the tracking of all contract revisions and an audit trail tracking each time a user emails, faxes, or downloads a contract. Sales Admin has the ability to search for contracts in various states (draft, signed, expired) and to proactively manage the relationship with their customers. In addition, information to identify compliance requirements is available at the click of a mouse. Here are some of the advantages Sales gets with ASC Contracts:

- A fully automated process to create new contracts
- Increased revenues – commissions
- Notification of contract expiry and renewals
- Easy reporting of contract status for forecasting
- Reporting on compliance milestones

##### **4.2 Marketing**

Marketing participates in the creation of contract templates in ASC Contracts. This ensures that every contract will have the correct pricing and business terms for every product. Product Managers can use triggers and events to ensure their notification at critical junctures. They can also access the wealth of information in ASC Contracts to analyze the success of their product line, assess the effects of various promotions and specials, and create forecasts. Finally, marketing is in control and able to participate proactively in the contract management process without playing the role of "Big Brother." Here are some of the advantages Marketing gets with ASC Contracts:

- Subtle enforcement of marketing policy
- Instant updating of pricing information
- Insurance that the correct T&Cs are applied to products

##### **4.3 Procurement**

Information is power, and this is most true on the Buy Side of contract management. Information regarding historical product purchase volumes and prices, SLAs, terminations, extensions and rights to revise pricing are all levers that the Procurement staff will be able to "pull" with ASC Contracts. This coupled with an efficient workflow process that dramatically reduces time-spent, means that

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Procurement has a tool that allows them to do their jobs. Here are some of the advantages Procurement gets with ASC Contracts:

- A fully automated process to create and manage contracts
- Information to determine Historical Purchase Volumes
- Reporting on SLA Milestones

#### **4.4 Delivery and Operations**

After a contract is signed, a number of processes are initiated to ensure the company fulfills its obligations. With ASC Contracts, detailed information on every contract is available to virtually anyone in the organization with a computer, access to the network, and user authorization. Even more powerful, ASC Contracts maintains the signed contract images and makes them readily available to ensure that the meaning of what is contracted does not get lost in the presentation of raw data. Here are some of the advantages Delivery and Operations gets with ASC Contracts:

- Instant notification of signed contracts
- Easy access to the signed contract image
- Events and Triggers to ensure the deliver happens within specified time frames

#### **4.5 Legal**

With ASC Contracts, legal departments are assured that the contracts generated contain the complete and correct version of the terms and conditions. Business rules ensure that all necessary information is captured and that it is in the correct format. A complete contract history is accessible from the system. The history tracks all contract changes including details such as the previous value, the current value, who changed the contract, and the date of the change. Here are some of the advantages Legal gets with ASC Contracts:

- Instant revision of contract Terms and Conditions
- The latest security applied to all access to company contracts
- Subtle control over contract revisions
- Ability to use custom agreements with traditional "Tracking" tools

#### **4.6 Finance**

Financial departments can report revenue with confidence in its accuracy. Verification of the state of any contract is a simple task. Given the ability of ASC Contracts to easily integrate with existing business applications, information entered in the contract creation process can be passed to existing billing and other applications, eliminating the re-entering of data into another application and ensuring data accuracy throughout the organization. Here are some of the advantages Finance gets with ASC Contracts:

- Easy reporting of contract status for forecasting
- Security of contract contents is maintained
- Confidence that reported revenue equals contracted revenue
- Reduced service/delivery times

## **5.0 A Proven Solution**

ASC recently delivered ASC Contracts to a major Canadian telecommunications company. This implementation provides centralized access to a contract repository for over two thousand users located across the country. Working closely with product and project management groups, ASC developed a bilingual system tailored to our client's business needs including custom contracts for over twenty services, business rules, notifications, and access controls. Our client required a phased solution with a working first phase in an extremely short period. Because of the "Best Practices" Framework, ASC confidently delivered the first phase of ASC Contracts within 90 days, successfully meeting our client's timeline. The opportunity for this project resulted from the word-of-mouth praise for a previous implementation of ASC Contracts.

## **6.0 ASC Contracts**

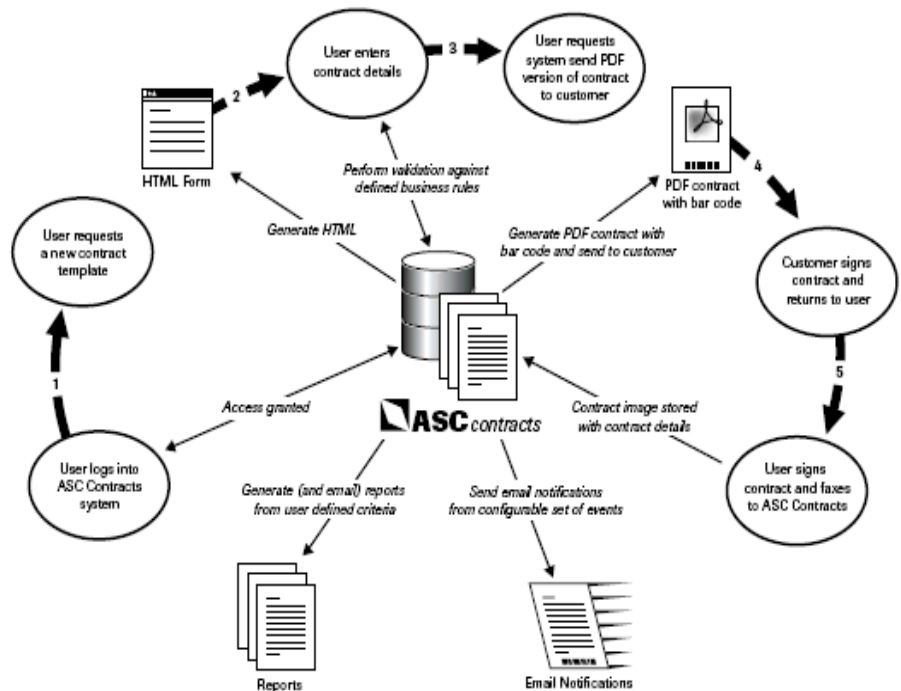
### **6.1 Overview**

Best Practices in large organizations are the ones that have made them successful, not the ones available in "one-size-fits-all" software. The power of ASC Contracts is its ability to apply a "Best Practices" Framework while adapting to the customer's environment and processes. ASC offers a contract management platform that delivers a custom solution without high costs or lengthy development and implementation cycles.

With ASC Contracts, sales and procurement generate contracts online and email or fax contracts to customers and suppliers. They are only required to physically touch a contract once in the process – to sign a completed contract and fax into the system. Completed documents are printed, faxed, or emailed to produce a legal copy of the agreement / contract for the customer. Once a new contract is entered, all information is centrally stored, eliminating misplaced or lost contracts. The central storage of contracts enables any authorized user to view the contracts without having to track down the person who created or filed them. Armed with ASC Contracts' advanced query and reporting tools, sales, marketing, finance, and legal departments can analyze current contract data, pinpoint potential areas of concern, assess sales and procurement cycles, and forecast sales trends from a current, complete, and centralized database of information.

At the heart of ASC Contracts is the bar code that follows Uniform Code Council (UCC) international standards. Each contract managed by ASC Contracts has its own bar code that uniquely identifies specific contract information - contract number, revision, content details, and page-of-pages. This provides unparalleled security and automated recognition.

## 6.2 Details of the ASC Contracts Life Cycle



## 6.3 Implementing ASC Contracts in your Organization

Using ASC Contracts, your organization defines contract templates; specifying the terms and conditions, variable contract information, and business rules that apply. A combination of HTML contract forms, workflow, and integration with legacy applications results to accommodate every contract situation. Contract templates are then used to generate individual contracts for specific customers and suppliers. You can generate contracts online; track the details of each revision, including those making the changes; and record each transmission, by email or fax, of a contract to a customer; and receive automated notifications triggered by events that are configured to your business needs.

## 6.4 Using ASC Contracts in your Organization

### 6.4.1 Creating contracts

ASC Contracts automates and condenses the process of creating new and revised contracts, adding efficiencies to the sales and procurement cycles. Users log in to ASC Contracts using a standard web browser such as Netscape or Internet Explorer.

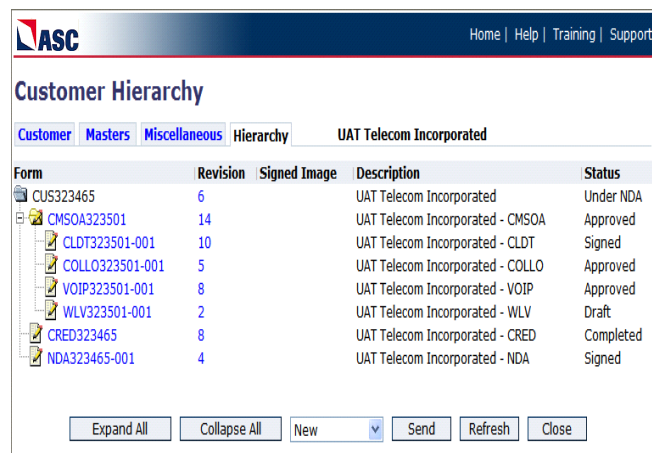
If the user has the appropriate permissions, they create contracts by entering the details in open fields, text boxes, drop-down boxes, or radio buttons. Within ASC Contracts, there are three options for creating a new contract:

- Standard contract terms and conditions

- Standard contract with minor changes to the terms and conditions
- Customized agreement requiring substantial changes to the terms and conditions

The HTML form for a given contract displays only the variable parts of the contract, such as the customer name, address, contract term, commencement date, pricing details, and service details. This combination simplifies the contract creation process. Configurable business rules ensure that the contract contains the information that the organization requires for each contract type.

ASC Contracts supports a hierarchical relationship between contracts. Relationships between customer contracts can be established, enabling a unified approach to contract management for a single customer. All contracts for a given customer are available at a glance.



Form	Revision	Signed Image	Description	Status
CUS323465	6		UAT Telecom Incorporated	Under NDA
CMSOA323501	14		UAT Telecom Incorporated - CMSOA	Approved
CLDT323501-001	10		UAT Telecom Incorporated - CLDT	Signed
COLLO323501-001	5		UAT Telecom Incorporated - COLLO	Approved
VOIP323501-001	8		UAT Telecom Incorporated - VOIP	Approved
WLV323501-001	2		UAT Telecom Incorporated - WLV	Draft
CRED323465	8		UAT Telecom Incorporated - CRED	Completed
NDA323465-001	4		UAT Telecom Incorporated - NDA	Signed

When the document is saved or printed, the standard legal text is combined with the data entered to produce a PDF version of the legal contract. Your organization can be confident that the legal text contained in the contracts is current and complete. The document details, including contract number and revision, are used to create a unique identifier that is attached as a bar code on each page of the document.

### 6.4.2 Negotiating contract details

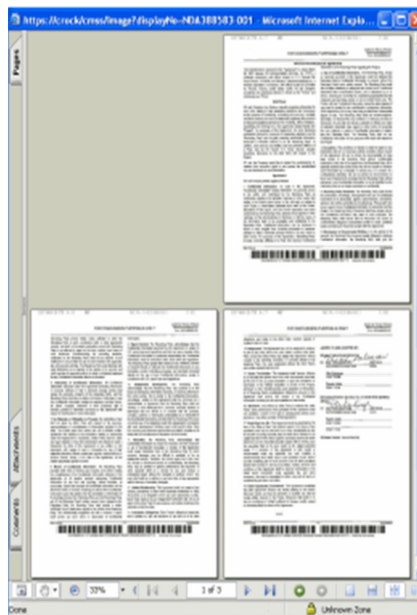
Users send the PDF version of the contract to their customer for approval. The system maintains a log of each time the contract is downloaded, faxed, or emailed from the system. All changes to the content of the contract are recorded and the incremented revision number appears on the contract, with each change.

ASC							Home   Help   Training   Support
History							
Revision	Send	Receipt	NDA231481-001				
Revision Date	Revision	User Name	Field Name	Old Value	New Value		
2007-06-21 16:53:13	4	Joanne Kennedy	Approval Cycle First Submitted Date		2007-06-21 16:53:11		
2007-06-21 16:53:13	4	Joanne Kennedy	Approval Cycle First Submitted by		Joanne Kennedy		
2007-06-21 16:53:13	4	Joanne Kennedy	Approval Cycle First Submitted User Number		USER231017		
2007-06-21 16:53:13	4	Joanne Kennedy	Legal Services Approval Status	To be Submitted	Pending		
2007-06-21 16:53:13	4	Joanne Kennedy	Legal Services Approval Submission Date		2007-06-21 16:53:11		
2007-06-21 16:53:13	4	Joanne Kennedy	Status	Draft	Pending Approval		
2007-06-21 16:52:59	3	Joanne Kennedy	Red Line Article Description[2]		changes made to add EXCEPTIONS		
2007-06-21 16:52:59	3	Joanne Kennedy	Red Line Article Name[2]		EXCEPTIONS		
2007-06-21 16:52:59	3	Joanne Kennedy	Custom Reason	changes made to confidentiality and	changes made to confi		
2007-06-21 16:51:13	2	Joanne Kennedy	Legal Services Approval Status	Not Required	To be Submitted		
2007-06-21 16:51:13	2	Joanne Kennedy	Red Line Article Description[1]		changes made -need		
2007-06-21 16:51:13	2	Joanne Kennedy	Red Line Article Name[1]		CONFIDENTIAL INFOR		
2007-06-21 16:51:13	2	Joanne Kennedy	Custom Reason		changes made to confi		
2007-06-21 16:51:13	2	Joanne Kennedy	Custom File		NDA231481-001.doc		
2006-11-14 10:51:16	1	Joanne Kennedy					

Customized agreement terms are currently accommodated in three ways. Additional details can be typed into a text field and appear on the PDF version of the contract. Clauses that are frequently subject to modification may be presented on the HTML form for editing. Finally, a customized agreement may be uploaded to the system, replacing the standard generated terms and conditions. Business rules and notifications surrounding the inclusion of customized details in a contract provide the security required in minimizing risk.

### 6.4.3 Signing The Agreement

Generated contracts, once signed, are faxed to the ASC Contracts system. Document imaging capabilities in ASC Contracts enables the management of actual signed contract images. Using ASC's bar code technology, signed contracts are faxed into the system, automatically recognized, and stored with the contract data in the database.



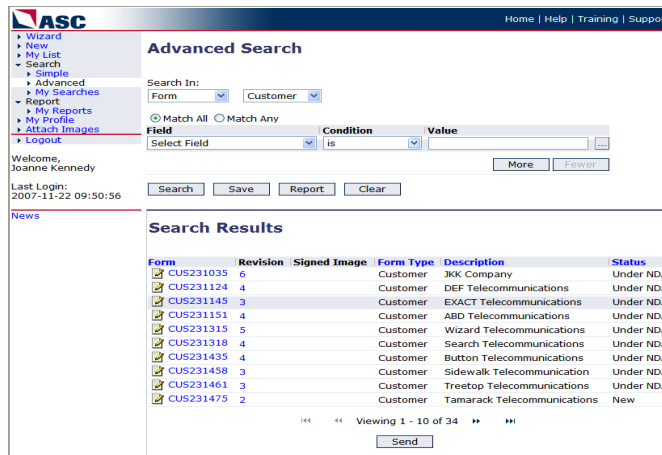
#### 6.4.4 Storing the signed contract and details

Contract details and signed contract images are stored together in a centralized database. Contract ownership is maintained in the system, without the need for paper contracts spread throughout the organization. The entire contract history is available for authorized users regardless of staffing changes.

Workflow status ensures that once a contract is signed and stored, it is not forgotten. ASC Contracts tracks the term of contracts, and ensures that the appropriate individuals are notified of upcoming expirations or auto-renewals.

#### 6.4.5 Reporting on business transactions and contract trends

ASC Contracts provides advanced search capabilities that enable members of your organization to find all contracts that meet their specific criteria or search across many contract types to find the information they need. ASC Contracts features the ability to generate and schedule reports based on the search criteria. Once the contract cycle is complete, users can search for contracts using any combination of the fields that were entered in ASC Contracts. When a record is located, users can view the signed image of the contract online.



The screenshot shows the 'Advanced Search' interface in the ASC Contracts system. The search criteria are set to 'Form' with the value 'Customer'. The search results table is as follows:

Form	Revision	Signed Image	Form Type	Description	Status
CUS231035	6		Customer	JKK Company	Under NDA
CUS231124	4		Customer	DEF Telecommunications	Under NDA
CUS231145	3		Customer	EXACT Telecommunications	Under NDA
CUS231151	4		Customer	ABD Telecommunications	Under NDA
CUS231315	5		Customer	Wizard Telecommunications	Under NDA
CUS231318	4		Customer	Search Telecommunications	Under NDA
CUS231435	4		Customer	Button Telecommunications	Under NDA
CUS231458	3		Customer	Sidewalk Telecommunication	Under NDA
CUS231461	3		Customer	Treetop Telecommunications	Under NDA
CUS231475	2		Customer	Tamarack Telecommunications	New

#### 6.4.6 Compliance/SLAs

Ensuring contract and SLA compliance requires simple and flexible access to accurate information. Users can either use the power of ASC reporting or build direct links with other systems that will allow performance verification and the appropriate corrective action.

#### 6.4.7 Integration with Other Systems

ASC Contracts offers powerful tools to initiate downstream delivery, alerts and reminders. Product Managers can be alerted that their products have been sold. Downstream delivery processes can be kicked off immediately on receipt of the signed contract. Billing can be initiated quickly and efficiently to ensure prompt payment. Integration with any systems (e.g. SAP or Siebel) is straightforward.

### **6.5 Open Architecture**

ASC uses flexible languages such as Java, HTML, and XML for development. This approach ensures that ASC Contracts rapidly integrates with existing IT infrastructures, including legacy and proprietary software, such as SAP, Siebel, and Peoplesoft.

The open architecture of ASC Contracts accommodates the substitution of application components such as the Light Directory Access Protocol (LDAP) server or database.

ASC Contracts uses the latest security technology for your confidential information: access to ASC Contracts, is password protected, and includes LDAP and Secure Socket Layer (SSL), with 128-bit encryption on all access to ASC Contracts.

### **6.6 Conclusion**

ASC Contracts enables organizations to establish control over critical business relationships while maintaining the business practices that have made them successful.

ASC's solutions are designed to meet your needs today and to continue to address the challenges that will confront your organization as it evolves. ASC Contracts is a flexible system with unique

bar coding technology that enables organizations to manage and validate documents within a web-based database application. The system consolidates contracts into a single repository while automating and optimizing the associated processes that comprise the entire buy and sell life cycle of a business contract.

### **7.0 About ASC**

Since its founding in the early 1990s, ASC's mission has been to focus on providing quality Contract Management products, professional services, and managed solutions to its customers. ASC brings a combination of people with technical skills and experience to each project that enables ASC to consistently and clearly understand their clients' requirements and ultimately deliver a high-quality solution.