

CLM Software Selection Guide

The Complete Checklist for Choosing the Right Contract Lifecycle Management Solution

Executive Summary

Selecting the right Contract Lifecycle Management (CLM) software is a critical decision that impacts your organization's efficiency, compliance, and financial performance. This guide provides a comprehensive checklist to help you evaluate CLM solutions systematically and make an informed decision aligned with your business needs.

Step 1: Assess Your Organization's Current Challenges

Before evaluating any CLM solutions, identify the specific problems your organization faces. This foundation ensures you select a tool that addresses your unique needs.

Assessment Checklist:

- ☐ Are contracts scattered across multiple locations (emails, shared drives, physical files)?
 - ☐ Do you experience missed renewal dates or contract deadlines?
 - ☐ Is there limited visibility into active contracts and obligations?
 - ☐ Do approval workflows lack standardization and efficiency?
 - ☐ Are there compliance and regulatory risks due to manual tracking?
 - ☐ Is your team spending excessive time on contract administration?
 - ☐ Do you lack centralized reporting and contract analytics?
 - ☐ Are contract amendment and negotiation processes time-consuming?
 - ☐ Do you struggle with vendor performance tracking?
 - ☐ Is there difficulty in identifying contract risks and opportunities?
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Step 2: Define Your Business Requirements

Current Contract Volume and Growth

- ☐ What is your current annual contract volume?

- ☐ What is your projected growth rate over the next 3-5 years?
- ☐ Do you anticipate significant increases in contract complexity?
- ☐ Will contract volume scale faster than your team size?
- ☐ Do you manage contracts across multiple business units or geographies?

Contract Types and Complexity

- ☐ Types managed: Vendor agreements, customer contracts, NDAs, employment agreements, partnership agreements
- ☐ Do you manage multi-party or multi-language contracts?
- ☐ Are there industry-specific contract requirements (healthcare, finance, manufacturing)?
- ☐ Do you require specialized templates for different business units?

Stakeholder Needs

- ☐ Legal and compliance: What are their primary concerns and requirements?
- ☐ Finance and procurement: What metrics do they need to track?
- ☐ Sales and operations: What data do they need access to?
- ☐ Executive leadership: What insights drive strategic decisions?
- ☐ Number of concurrent users: How many team members need access?

Step 3: Evaluate Core Functionality

Contract Repository and Organization

- ☐ Does the system support centralized contract storage with version control?
- ☐ Are there customizable metadata fields for tagging and classification?
- ☐ Can you organize contracts by contract type, status, department, or custom categories?
- ☐ Is there an advanced search function (full-text, AI-powered, or both)?
- ☐ Can the system automatically categorize and tag documents?
- ☐ Does it support bulk operations for managing multiple contracts?
- ☐ Is there document preview capability within the system?

Collaboration and Review

- ☐ Can multiple users collaborate on contracts in real-time?
- ☐ Are change tracking and version history automatically maintained?
- ☐ Can users add comments, annotations, and suggestions directly in the system?
- ☐ Is there a complete audit trail showing who made what changes and when?
- ☐ Can users share agreements via email or secure links?
- ☐ Is internal sharing for review and editing supported?
- ☐ Are real-time notifications available for updates and changes?

Workflow Automation

- ☐ Can approval workflows be easily customized without IT involvement?
- ☐ Does the system support multi-step approval processes?
- ☐ Can approval rules be configured based on contract value, type, or other criteria?
- ☐ Is there intelligent routing (auto-identifying approvers based on contract rules)?
- ☐ Can workflows use identified risks to trigger different approval paths?
- ☐ Are there visibility dashboards showing contract status and approval progress?
- ☐ Can users track work queues and pending actions?
- ☐ Does the system send automatic reminders and escalations?

Contract Lifecycle Management

- ☐ Can the system manage the entire contract lifecycle (creation, negotiation, execution, monitoring, renewal)?
- ☐ Are contract templates customizable and brandable for consistency?
- ☐ Can ad hoc contracts be created outside of templates?
- ☐ Is there automated renewal date tracking and reminders?
- ☐ Can the system identify upcoming expirations and alert relevant stakeholders?
- ☐ Is amendment tracking and version management available?
- ☐ Can the system support e-signature integration?
- ☐ Are there automated alerts for contract milestones and key dates?

Reporting and Analytics

- ☐ Are customizable dashboards and reports available?
 - ☐ Can you generate reports on contract status, renewal pipeline, and compliance?
 - ☐ Does the system provide metrics on approval cycle time and bottlenecks?
 - ☐ Can you extract insights on contract performance and risk areas?
 - ☐ Are there pre-built reports for common business needs?
 - ☐ Can data be exported for analysis in other tools (Excel, BI platforms)?
 - ☐ Does the system track financial metrics (contract values, payment terms, discounts)?
 - ☐ Is there visibility into vendor/counterparty performance?
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Step 4: Assess Advanced Features

Artificial Intelligence and Automation

- ☐ Does the system use AI for contract analysis and risk identification?
- ☐ Can AI extract key terms automatically from contracts?
- ☐ Is AI-powered contract review available to reduce manual effort?
- ☐ Can the system identify potentially problematic clauses?
- ☐ Does AI assist in contract drafting and clause suggestions?
- ☐ Are there AI-enhanced search and navigation features?
- ☐ Can AI provide insights on compliance issues and regulatory risks?
- ☐ Is AI used to predict contract risks or flag anomalies?

Integration Capabilities

- ☐ Does the system integrate with your existing tech stack?
- ☐ Are pre-built connectors available for common platforms (Salesforce, SAP, Oracle, NetSuite)?
- ☐ Is integration with Microsoft Office 365 and SharePoint supported?
- ☐ Can the system integrate with CRM systems?
- ☐ Is there integration with accounting and ERP systems?

- ☐ Does it support email integration for contract receipt and distribution?
- ☐ Are there API capabilities for custom integrations?
- ☐ Can the system integrate with e-signature platforms (DocuSign, Adobe Sign)?
- ☐ Is data synchronization bidirectional and real-time?

Security and Compliance

- ☐ Is the system ISO 27001:2013 certified?
- ☐ Does it meet SOC 2 Type II compliance standards?
- ☐ Is the system GDPR compliant?
- ☐ Does it support other regulatory requirements (HIPAA, CCPA, industry-specific)?
- ☐ Is there granular access control and role-based permissions?
- ☐ Can you restrict access by contract type, department, or user role?
- ☐ Is audit trail generation automatic, digitally signed, and tamper-evident?
- ☐ Does the system support data encryption (in transit and at rest)?
- ☐ Is there two-factor authentication support?
- ☐ Are there backup and disaster recovery capabilities?
- ☐ Is the vendor listed on FedRAMP marketplace (if required)?

Customization and Flexibility

- ☐ Can templates and workflows be customized to your business needs?
- ☐ Are custom fields and metadata supported?
- ☐ Can you create industry-specific or department-specific configurations?
- ☐ Is the system flexible enough to adapt as your business evolves?
- ☐ Can naming conventions and terminology be customized?
- ☐ Are there industry-specific templates available?

Step 5: Evaluate Usability and Adoption

User Interface

- ☐ Is the interface intuitive and easy to navigate?

- ☐ Is the learning curve minimal for new users?
- ☐ Are common tasks achievable with minimal clicks?
- ☐ Is the interface modern and visually appealing?
- ☐ Is there a mobile app or mobile-responsive interface?
- ☐ Can workflows be completed on mobile devices?

Training and Support

- ☐ Does the vendor provide comprehensive onboarding and training?
- ☐ Are training materials available (documentation, videos, webinars)?
- ☐ Is there dedicated support during and after implementation?
- ☐ What is the vendor's support structure (24/7, business hours, tiered)?
- ☐ Is there a customer success manager assigned?
- ☐ Are community forums or user groups available?
- ☐ Does the vendor offer ongoing education and certification programs?

Phased Implementation

- ☐ Does the vendor support a crawl-walk-run implementation approach?
- ☐ Can you start with core functionality and expand gradually?
- ☐ Is a one-size-fits-all implementation required or is flexibility available?
- ☐ How quickly can you realize ROI with phased implementation?
- ☐ What is the typical implementation timeline?

Step 6: Assess Scalability and Performance

Growth and Scale

- ☐ Can the system scale to handle your projected contract volume?
- ☐ Will performance degrade as contract numbers increase?
- ☐ Can the system accommodate more users without additional licensing?
- ☐ Are there limitations on contract size or complexity?
- ☐ Does the vendor support multi-region deployments if needed?

- ☐ Can the system handle peak usage without performance issues?

Deployment Options

- ☐ Is cloud deployment (SaaS) available?
 - ☐ Is on-premise deployment available if required?
 - ☐ Are there hybrid deployment options?
 - ☐ What is the data residency policy (where is data stored)?
 - ☐ Is the system available globally or specific to certain regions?
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Step 7: Evaluate Vendor Viability

Vendor Track Record

- ☐ Is the vendor recognized in industry analyst reports (Gartner Magic Quadrant, Forrester Wave)?
- ☐ What is the vendor's market position and competitive standing?
- ☐ How long has the vendor been in the CLM market?
- ☐ What is the vendor's financial stability?
- ☐ Do they have a strong customer base and case studies available?

Product Innovation

- ☐ Does the vendor regularly release new features and updates?
- ☐ Is there a clear product roadmap aligned with market trends?
- ☐ Is AI and emerging technology being integrated into the platform?
- ☐ Are customers involved in the product development process?
- ☐ Does the vendor invest in R&D?

Customer References

- ☐ Can the vendor provide references from similar organizations?
- ☐ Are there case studies demonstrating successful implementations?
- ☐ Can you speak directly with existing customers?
- ☐ What is the average customer satisfaction score?

- ☐ What is the customer retention and churn rate?
 - ☐ Are there any publicly available customer reviews or ratings?
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Step 8: Financial Evaluation

Pricing Model

- ☐ Is pricing transparent and clearly defined?
- ☐ Is licensing per-user, per-contract, or hybrid?
- ☐ Are volume discounts available?
- ☐ Is there a per-feature pricing option?
- ☐ Is pricing fixed or does it vary with usage?
- ☐ Are there any hidden costs or premium feature charges?

Total Cost of Ownership (TCO)

- ☐ What is the initial implementation cost?
- ☐ What are annual license or subscription fees?
- ☐ What are support and maintenance costs?
- ☐ Are there training and onboarding costs?
- ☐ What is the cost for customization and integration?
- ☐ What is the expected ROI timeline?
- ☐ Are there costs for upgrades or additional features?

Contract Terms

- ☐ What is the minimum contract term (1 year, 3 years)?
 - ☐ Are there early termination clauses?
 - ☐ What are the renewal terms?
 - ☐ Is there flexibility to downgrade or upgrade?
 - ☐ What are the data export and portability options if you switch vendors?
 - ☐ Are there any lock-in provisions?
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Step 9: Vendor Demonstration and Testing

Pre-Demo Preparation

- ☐ Have you identified key use cases to test?
- ☐ Have you prepared sample contracts or workflows?
- ☐ Have you defined evaluation criteria and scoring?
- ☐ Have you involved all key stakeholders in the evaluation?

Demo Assessment

- ☐ Does the system address your specific pain points?
- ☐ Are common tasks intuitive and straightforward?
- ☐ How many clicks are required for typical workflows?
- ☐ Is the system responsive and performant?
- ☐ Does the interface match your expectations?
- ☐ Are the vendor's responses knowledgeable and thorough?
- ☐ Does the demo include real-world scenarios relevant to your business?

Trial Period or Proof of Concept

- ☐ Is a trial period available (typically 30-90 days)?
- ☐ Can you test with your own data and workflows?
- ☐ Are adequate technical resources provided during the trial?
- ☐ Can you evaluate integrations with your existing systems?
- ☐ Is there a sandbox environment for testing?
- ☐ Can you assess actual performance with your contract volume?

Step 10: Make Your Final Decision

Scoring and Comparison

- ☐ Have you created a weighted scoring matrix for vendors?
- ☐ Have you prioritized which features are must-haves vs. nice-to-haves?
- ☐ Have all stakeholders provided input on their preferences?

- ☐ Have you compared vendors side-by-side on key criteria?
- ☐ Have you calculated TCO for each vendor?

Final Vendor Selection

- ☐ Is the top-ranked vendor aligned with your business needs?
- ☐ Are you confident in the vendor's long-term viability?
- ☐ Have all stakeholder concerns been addressed?
- ☐ Is the implementation timeline acceptable?
- ☐ Have you negotiated favorable contract terms?
- ☐ Is the budget approved and allocated?
- ☐ Do you have executive buy-in for the selection?

Post-Selection

- ☐ Have you established clear implementation milestones?
- ☐ Have you assigned a project lead and team?
- ☐ Have you planned for change management and training?
- ☐ Have you defined success metrics for the implementation?
- ☐ Have you scheduled regular check-ins during implementation?
- ☐ Have you planned for ongoing support and optimization?

Common Pitfalls to Avoid

1. **Choosing Based on Price Alone** — The cheapest option may lack critical features or support, resulting in poor adoption and missed ROI.
2. **Overlooking Integration Requirements** — Poor integration with existing systems can create data silos and reduce efficiency.
3. **Ignoring User Adoption** — A sophisticated system with poor usability leads to low adoption and workaround solutions.
4. **Not Assessing Security** — Inadequate security and compliance can expose your organization to legal and financial risks.
5. **Underestimating Implementation Effort** — Failing to plan for adequate resources and timeline can lead to delays and cost overruns.

6. **Selecting an Immature Vendor** — Choosing a vendor with limited track record and resources increases risk of poor support and product stability.
 7. **Not Involving All Stakeholders** — Legal, finance, and operations teams have different needs—all should be considered in the selection.
 8. **Inadequate Proof of Concept** — Skipping or rushing the trial period increases the risk of making the wrong choice.
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Key Success Metrics for CLM Implementation

Once you've selected and implemented your CLM solution, track these metrics to ensure success:

- Time to locate a contract (reduction of 80%+)
 - Contract cycle time reduction (typically 40-50%)
 - Missed deadline reduction (targeting zero)
 - Approval process speed improvement
 - User adoption rate (target: 80%+ within 3 months)
 - Reduction in legal review time
 - Compliance audit results and risk reduction
 - Cost per contract managed
 - Revenue impact from better contract terms and opportunities identified
 - Employee satisfaction with the system
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Next Steps

1. **Conduct Internal Assessment** — Use Steps 1-2 to define your requirements and challenges.
2. **Develop RFP or Evaluation Criteria** — Document your must-have features and evaluation criteria using Steps 3-8.
3. **Research Vendors** — Identify 5-10 potential vendors that appear to meet your needs.
4. **Request Demos** — Narrow down to 3-4 vendors and request detailed demonstrations.
5. **Conduct Trials** — Test the top 1-2 vendors with your own data and workflows.
6. **Check References** — Speak with existing customers to understand their experience.

7. **Negotiate Terms** — Work with vendors to negotiate favorable pricing and contract terms.
8. **Make Decision** — Select the vendor that best aligns with your needs, budget, and long-term strategy.
9. **Plan Implementation** — Develop a detailed implementation plan with clear milestones and success metrics.
10. **Monitor Success** — Track key metrics and continuously optimize your use of the system.