



Smarter Decision-Making Powered by AI and Contract Intelligence

The Evolution of the Contract
Lifecycle Management Industry



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Executive Summary

Persistent works extensively with Contract Lifecycle Management (CLM) solution providers for product and platform engineering services. We've helped companies create robust platform designs, increase their user base, refine their product strategies, and deliver exceptional experiences.

As a testament to Persistent's expertise, Persistent is recognized as a Leader in the ISG Provider Lens™ on Digital Engineering Services, a Leader in Everest Group's Software Product Engineering Services PEAK Matrix®, a leader in Zinnov Zones Engineering Research Development Services ratings, and a Generative AI Market Leader in the HFS Horizons Generative Enterprise™ Services report.

This whitepaper highlights Persistent's view on:

- / The CLM industry, its growth and expected challenges.
- / How technology offerings from CLM providers can evolve to adapt to future trends and customer needs, and disrupt the market.

We believe that this neutral and outside-in view will add another important perspective to your vast experience in the CLM industry.

Contract Lifecycle Market



The CLM market continues to grow and is at a critical inflection point in its evolution, with a total addressable CLM market expected to reach **\$30 billion** by 2026 at an annual growth rate of 8.6% (per **IDC**).

Businesses want intelligent automation, driven by AI and Machine Learning (ML), for accelerated contract reviews and safer negotiations. Geopolitical and economic uncertainties have heightened the need for AI-powered risk mitigation capabilities in CLM platforms. According to **PwC**, Fortune 1000 companies handle approx. 20,000-40,000 active contracts, prompting the adoption of Natural Language Processing (NLP) for parsing complex legal language.

There is a growing demand for localized, customized CLM platforms offering data-driven insights to reduce costs. According to **McKinsey**, data analytics in contract management can achieve 15% cost savings, 50% faster cycles, and 90% improved compliance. Data privacy and cybersecurity concerns have also led vendors to integrate blockchain technology into CLM offerings, enabling tamper-proof smart contracts.

CLM solution providers globally are focused on:

- / Building GenAI copilots to deliver next-gen experiences for customers.**
- / Integrating intelligent Virtual Contracting Assistants as a part of their suite solutions.**
- / Expanding their horizons to become a Contract Intelligence Source-to-Pay platform ecosystem.**

Factors Driving the Meteoric Rise of CLMs

CLMs as a Cost Takeout Tool

As per **Deloitte**, amidst a slowdown, 65% of companies are leveraging AI-ML automation for cost-cutting and competitive advantage. Slow manual contracting costs firms up to **40%** of deal value. AI-powered CLM solutions automate contracting, boost efficiency, and reduce costs.

Vendor Consolidation Benefits Best-in-Class CLMs

According to one survey, **70%** of firms plan to eliminate vendors from their provider rosters by 2025 for streamlined tech and contract management and **80%** of CIOs seek innovative vendors to reduce point solutions. CLM buyers are favoring unified platforms for buy-side and sell-side contracts to maximize ROI and reduce tech debt. Best-in-class solutions will come out on top as the CLM market consolidates.

Contract Data Mining

As per Forrester, **58%** of data-driven firms see improved decision-making and surpass revenue goals. AI-powered contract mining cuts review time by up to **50%**, unlocks key insights, and improves negotiation outcomes for maximized ROI.

AI-Driven ESG Compliance

Organizations are realizing the cost of ESG non-compliance (SEC ESG fines totaled \$4.2 billion in 2022). AI-powered CLMs offer a greener solution. An ESG unified platform integrates vendors, stakeholders, and data across departments. It provides real-time visibility and proactively identifies ESG risks in procurement thus preventing costly non-compliance fines.

Need to Eliminate Geopolitical and Compliance Risks

Organizations use on average 125 SaaS apps, and IT shops are only aware of about 33% of those due to decentralized ownership, leaving **88%** of users struggling to locate and understand contracts, according to an IACCM survey. Geopolitical risks demand agility which is hindered by “invisible” contracts. CLMs integrate with compliance databases, triggering alerts to save legal and financial costs.

As per **ISG**, with stagnant IT budgets, funding is shifting toward cost optimization initiatives. Enterprises are demanding solutions that deliver both cost savings and productivity gains while furthering digital transformation. This trend aligns with CLM becoming one of the fastest-growing software segments, with **85%** of Fortune 500 companies projected to adopt automated CLM by 2024.

Strategic Responses to Trends

Leading CLM players have adopted these initiatives to increase their competitive positioning.

Platform Ecosystem

- Create platform ecosystem for strategic advantage.
 - / Evolution from a CLM to a platform ecosystem offering end-to-end capabilities
 - / Alliances with multiple global partners to offer a wide range of services
 - / AI-powered obligation management, risk assessment, and performance management
-

Risk Management Suite

- Integrate and expand into TPRM (Third-Party Risk Management) suite to safeguard customers from external risks.
 - / Combine TPRM and CLM offering for financial, AML, ESG and cyber-risk monitoring
 - / Aggregate data from multiple vetted financial, cybersecurity, and industry sources 24/7
 - / Automate alerts and triggers with mitigation actions
 - / Integrate vendor performance and risk management dashboards
-

Strategic M&A

- Acquire niche players to either boost AI-powered capabilities, add vertical-specific offerings or create a broader platform ecosystem leading to a concentrated market.
- Examples among larger CLM providers include:
 - / Acquisition by a leading CLM player to extend its capabilities around AI-powered smart agreements
 - / Acquisition by a leading Enterprise Legal Management (ELM) player to integrate AI-powered CLM to its ELM platform
 - / Acquisition by a leading CLM player to build capabilities around uncovering insights from customer contracts using AI-ML

Growth Prospects

Short Term

GenAI-driven insight, experience and efficiencies will differentiate CLM players in a concentrated market.

- / Cost reduction is driving AI adoption and **56%** of leaders are prioritizing AI use cases. GenAI is likely to outpace bottom-line impact by any other tech so far with **49%** of CXOs expecting cost savings by 2024. Therefore, leading CLM players are looking to add GenAI on top of their AI-ML and NLP capabilities.
- / GenAI will streamline contracting, freeing teams to focus on more strategic, revenue-driving initiatives. It will also improve knowledge management systems; AI-driven conversational interfaces can help identify and preempt risks using contract intelligence, so organizations make more informed decisions.

Long Term

Evolution from a CLM to a multi-capability Source-to-Pay platform ecosystem.

In a highly competitive market, CLM players want to have an end-to-end **Source-to-Pay platform** to provide lifecycle services in contracting. CLM is complementary to supplier management and therefore sourcing solution providers are looking to fill any capability void (sourcing or contracting) either by building it, offering integrations, partnering with third-party solutions or through M&As.



Understanding the Challenges of the CLM Industry



Rising Opex and Customer Acquisition Cost

Continuous investments in the latest tech with long sales cycle.



Funding Winter

Between 2020-22, CLMs attracted \$1.8 billion in funding. As per Bessemer Venture Partners, since then SaaS multiples are down 75%.



Word-Outlook / Email

Vendors face the challenge of shifting end users to write and redline contracts in CLMs instead of Word.



SaaS Inflation

During the past 12 months, SaaS inflation was 8.7%, and customers are looking at alternate options around “low-code / no-code” CLM solutions.



Evolving Regulations

AI powers modern CLMs, but regulators are worried about data security and privacy.



Tech Spend to Real Value

Fragmented processes and siloed solutions hinder value realization.

Our view of current priorities in the CLM market

- / Leading CLM solution providers are either adding or looking to add GenAI-powered capabilities on top of their existing offerings.
- / GenAI capabilities are being added to enable document summarization, reduce contract review time, derive data-driven insights from contracts, and preempt risks.
- / Some prominent CLM providers are innovating by offering Word-compatible solutions.
- / The focus on GenAI hasn't distracted leading CLM providers from adding more non-GenAI features. For example, providers are trying to increase adoption by integrating Microsoft Word as legal teams have been reluctant to move away from it.
- / Providers are also focused on self-service and advanced knowledge-based solutions driven by AI-powered conversational agents.

Art of the Possible

How Persistent Uncovers Maximum Value for CLM Providers?

The CLM Paradox: Tech Advancements are not Unlocking Anticipated Value

Despite significant investments in CLM (according to WCC, 78% of organizations made some investment in CLM during the last five years), organizations are still losing 8.6% of contract value in 2023 (a 0.6% improvement from 2014).

Persistent's AI-Powered Framework for CLMs: Build an Integrated Source-to-Pay Platform

Persistent is focused on key areas that matter most to businesses, and can help CLM solution providers offer intelligence, insights, and strategic business outcomes to their customers, including:



Cost Improvements



Margin Improvement



Risk Mitigation

Key Areas

1

Self-configurable platform with end-to-end business capabilities.

2

AI-ML and NLP-powered **contract intelligence and analytics.**

3

AI intervention for **intelligent workflows** and **contract authoring.**

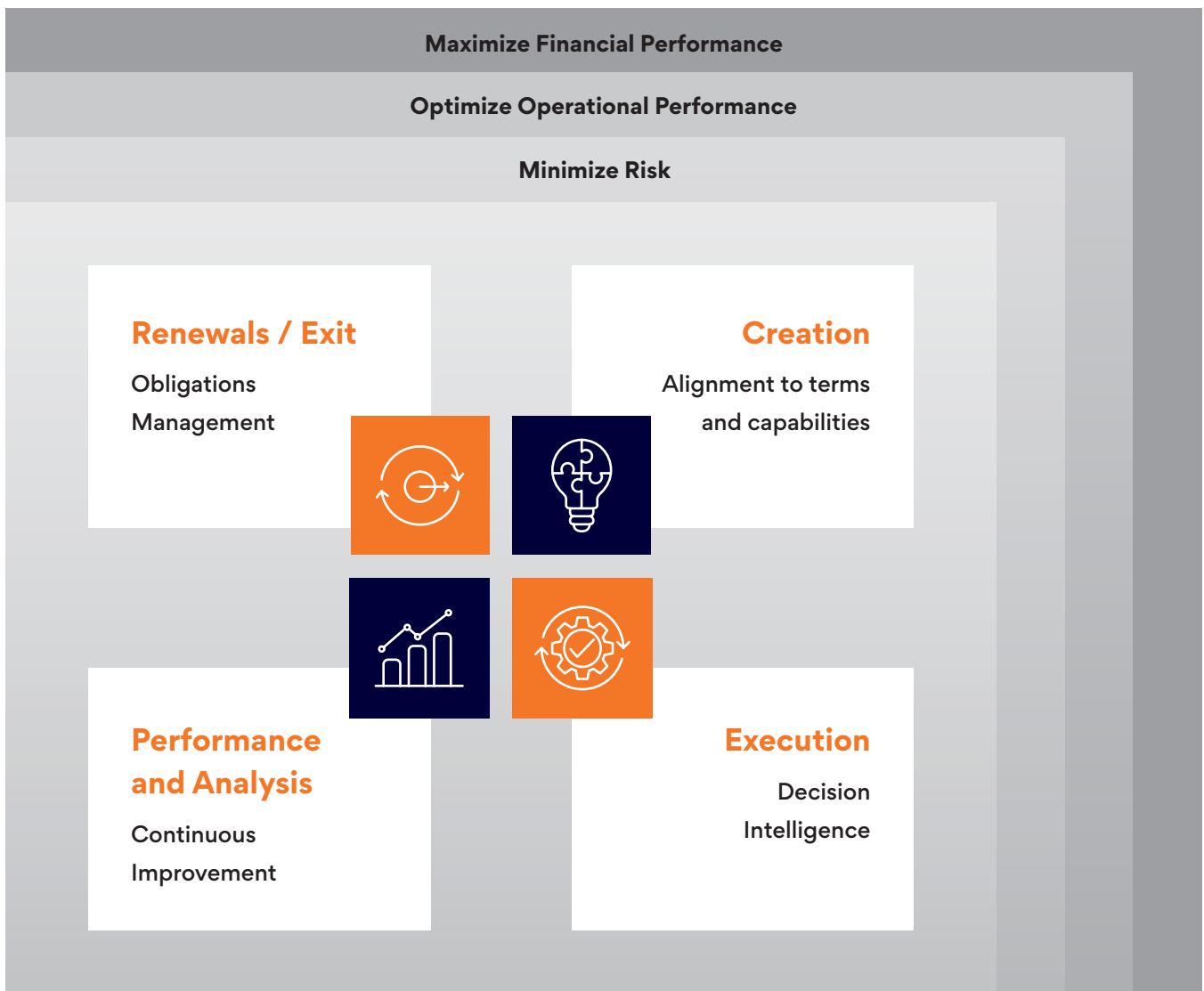


Figure: Contract Life Cycle Management Framework

Platform Features and Persistent's Capabilities

Low Code / No Code: Self-Configurable Platform

- / Organizations must reduce friction and increase collaboration while implementing a CLM.
- / Persistent offers a cloud agnostic, self-configurable, no-code / low-code platform that saves time for a customer's tech talent with easy deployment.
- / Our prepackaged, scalable, out-of-the-box, and industry-specific platform solutions help unlock efficiency gains quickly.

Ease of Enterprise Integration

- / Our platform drives business transformation and more value than tech transformation alone.
- / We offer open API-driven CLM solutions that integrate with existing enterprise systems to drive business outcomes and safeguard against any third-party risks.
- / We can collaborate to integrate buy- and sell-side capabilities and streamline contracting with integrated data flows. (According to WCC, organizations with full CLM integration is now 18%, up from 10% in 2021.)
- / Leading CLM providers are partnering with specialists like SAP and Salesforce to create a comprehensive platform, and providers can collaborate with Persistent for full enterprise integration.

Persistent's Integration Capabilities

- / We are a **proven leader** at delivering API-led integration solutions for enterprises.
- / Our team of **1000+ integration professionals** have delivered more than 200 engagements in the past six years.
- / **Partnerships include:** MuleSoft, Tibco, Red Hat, Workato, Boomi, Software AG, and Confluent.
- / **Our 50-member CLM team** with 48 certifications have domain capabilities in CLM Lifecycle, Platform Upgrades, Configuration, Customization, Integration, Contract Intelligence / Analytics, and more.
- / **Accelerators include:** Omni Data Platform, Track & Trace, Integration Ops-in-a-Box.
- / We have a **4,000-employee Intelligent Automation practice** with partnerships with leading providers of process mining, RPA, and low-code / no-code technologies.
- / We're proud of our strong track record of excellence, with a **5 / 5 delivery excellence rating**.

Case Study: Leading CLM Provider

Challenge

A leading CLM provider was looking for a full services partnership across development, professional service, and customer support.

Solution

Accelerated delivery of AI-enabled advanced product features to the provider's product platform.

Value

More than 17,000 legacy documents were migrated to the CLM platform, with successful solution implementation across 45+ customers.

Contract Intelligence and Comprehensive Analytics

- / A comprehensive data analytics strategy elevates extended CLM platform functionalities.
- / Advanced CLMs use AI-NLP to recommend an action post-analysis of structured and unstructured contract data.
- / Must-have analytics capabilities include: Data extraction & classification, automated contract review, and contract risk analysis.
- / Data-driven insights improve processes and automate time-consuming steps in the contracting process.
- / According to Gartner, by 2027 advanced contract analytics will become a mainstream technology and 50% of the organizations will support AI-enabled contract risk analysis.
- / CLM and S2P vendors are rapidly investing in building advanced contract analytics capabilities either through product development or acquisitions.

Persistent's Data Analytics Capabilities

- / More than 3,000 data-relevant certified professionals who have delivered 1200+ engagements during the past 30+ years.
- / Partnerships include: Microsoft, Google, AWS, IBM, Snowflake, Tableau, Databricks, and DataStax.
- / Persistent Data Foundry: Our managed enterprise cloud data platform which delivers Cloud Analytics Services, Data Ops, Data Governance, Data Security, and Cost Management under one umbrella.
- / More than 3,500 data professionals and 150 data scientists provide enterprise data management, data strategy and consulting, BI, data visualization, advanced analytics (AI, ML, GenAI, MLOps), and other data engineering services.
- / Accelerators include: GenAI Data Converter, Data Quality, Data Insights-as-a-Service, Connector Factory, Migration Utilities, and MLOps

Case Study: Leading US Bank

Challenge

A leading Tier 1 Bank in the US wanted to increase its customer base by leveraging ML-driven insights.

Solution

Built a predictive analytics platform with enhancements to derive rich customer insights for underserved customer segments.

Value

The ML platform allowed the bank to build targeted insights on specific microsegments that helped increase its customer base by 5%.

Continuous Management and Improvement

- / Providers must continuously improve BAU processes to impact and improve customers' internal processes through CLMs.
- / Operations workload has driven 71% of CXOs to prioritize internal process streamlining (up from 64% in 2021, according to WCC).
- / CLM adoption is hindered by skill gaps affecting process improvement: 70% teams lack mature processes (WCC).
- / Immature processes demand a UX revamp. Upgrading user interfaces, enhancing integrations, and adopting technologies such as GenAI can create more seamless customer employee experiences.
- / According to PWC, 84% CEOs who have adopted GenAI believe that it will increase employee efficiencies in 2024.
- / Emerging GenAI contracting use cases include contract review and summarization, SOW creation, clause revisions, redlining, and self-service with virtual assistance.
- / GenAI-driven intelligent virtual assistants / chatbots will automate supplier / vendor communication across a range of activities such as document collaboration, issue resolution, and negotiations.

A Sample of Persistent's GenAI Capabilities



AI-Led Software Engineering

- / ExtenSURE.ai: AI-Powered engineering excellence framework
- / AI-driven legacy codebase migration and version upgrades
- / AI-driven enhanced developer experience and reduction of developer cognitive load



AI-Based Assistants

- / Agent assist framework
- / AI-driven smart assistants
- / AI-driven process efficiency via smart case deflection
- / AI-driven agents to chat with your data
- / Integration with MS Teams and VIVA



Custom LLM Solutions

- / PiBoT: HR policy Q&A bot
- / Case deflection through knowledge article auto-generation with Einstein GPT
- / Finsights: Financial insights chatbot
- / Pharma Drug Labeling Q&A system connecting to AWS Kendra

Case Study: Tax Tech Software Company

Challenge

A leading US-based tax tech software company wanted to create efficiencies in tax categorization of its products.

Solution

Built a predictive model for tax code categorization based on traditional ETL pipelines and advanced LLM technologies.

Value

Improved accuracy in prediction through a cost-effective scalable solution.



Persistent's Differentiators: What makes us stand-out?

Persistent works with **14 of the top 30 most innovative companies** (as ranked by BCG), with a wealth of experience in helping market leaders innovate through our Digital Engineering.

Product Engineering DNA

- / We have been a **trusted partner** for product and platform engineering for more than 30 years.
- / We delivered **1,500+ active software releases** for digital-only organizations.
- / Our GenAI-led product development **accelerates the product development cycle**.
- / We're engaged with **more than 250 ISVs** for product engineering engagements.
- / We've initiated **5,500+ releases** in last five years.
- / We are focused on **GenAI-powered** Product Development Lifecycle-as-a-Service to drive engineering excellence across the value chain.

Case Study: Leading ESG Provider

Challenge

A top-tier ESG company wanted to establish an engineering capability for its sustainability platform to accelerate backlog implementations and reduce lost revenue opportunities.

Solution

Created a dedicated Technology Center to rapidly scale up delivery for software product backlog including maintenance and enhancements.

Value

30% improvement in release cycle resulting in faster time to market and 7+ major product releases within first year of collaboration.

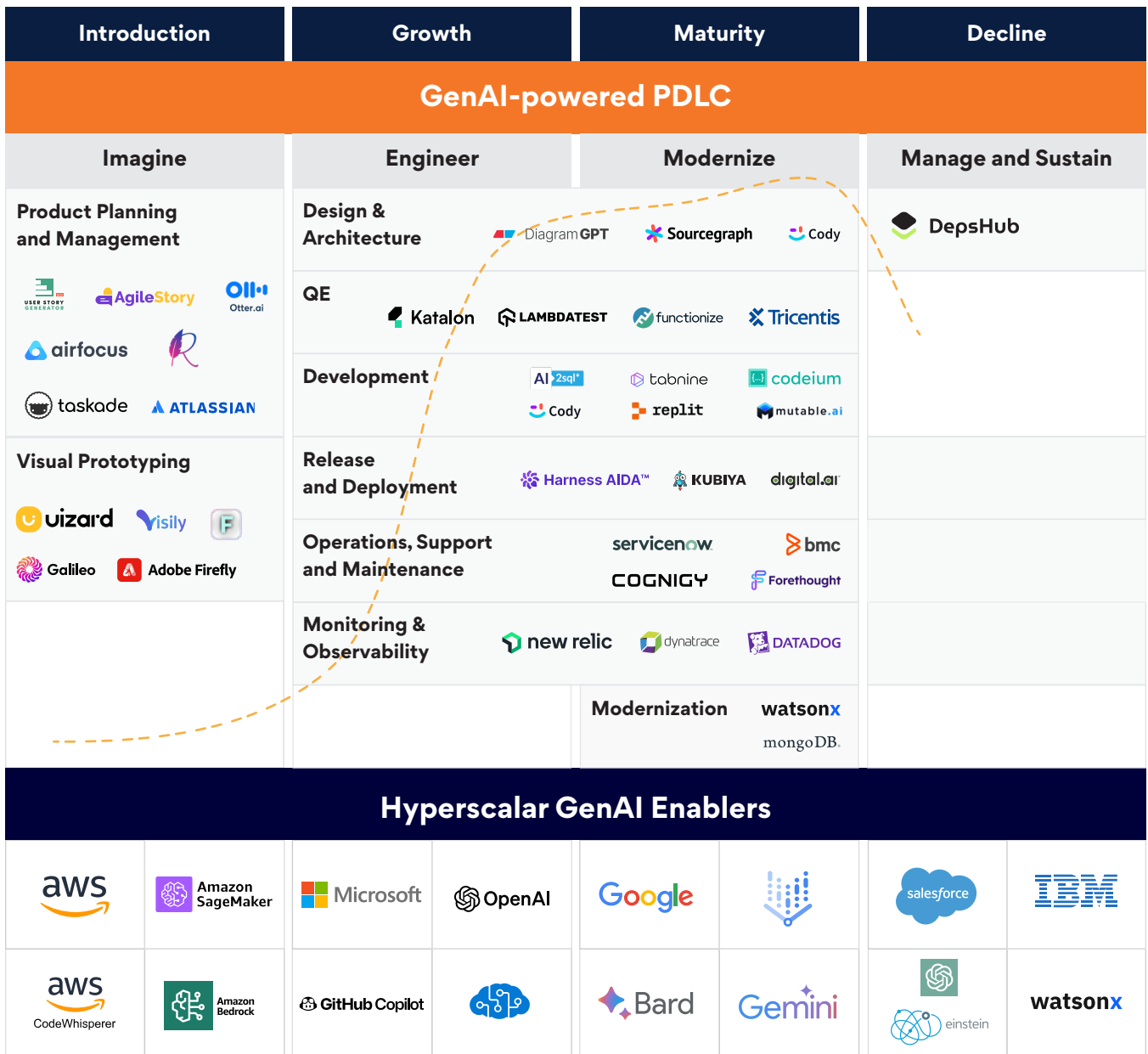


Figure: AI-Driven Engineering Excellence across PDLC Value Chain

Our GenAI-Powered Software Lifecycle Capabilities

<p>AI-Driven Engineering Excellence</p> <p>Generation of artifacts including, code, configurations, test case, test data, and documentation across software product life cycle.</p>	<p>AI-Assisted Efficient Modernization</p> <p>Generation of dependencies, code explanations, target language code, and test cases for modernizations.</p>	<p>AI-Augmented Tech Support & Sustenance</p> <p>Generation of case knowledge articles, case summaries, probable root causes and remediation suggestions across support.</p>
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Our Software Product Engineering Expertise

Powering digital transformation and business value for our clients.

Digital Strategy and Design

Experience Design
Digital Innovation Lab
Technology Advisory and Consulting

CX Transformation

CX Strategy
Salesforce Cloud Implementation
CX Platform Integration
Customer Analytics and Insight
Salesforce Industry Solutions and Accelerators

Data and Analytics

Data and Analytics Advisory
Data Governance, Management and Security
Data Stack Modernization
Data Connectors and Certification
Data Science and Machine Learning

Intelligent Automation

Hyperautomation Strategy
Business Process Management
Low-Code Development
Robotic Process Automation
Conversational AI

Software Product Engineering

Product and Platform Strategy
Product and Platform Engineering
Product Modernization
Product Sustainance and Support

Enterprise Applications and Integration

Application Portfolio Rationalization
Application and Platform Development
Application Modernization
Application Maintenance and Support
Enterprise Integration

Cloud and Infrastructure

Cloud and Infrastructure Advisory
Cloud Migration and Modernization
Hybrid and Multi-Cloud Transformation
Data Center Modernization
Intelligent IT Operations

Enterprise Security

Cyber Resiliency Strategy
Security Assurance and Data Security
Identity Access Management
Governance, Risk and Compliance
Managed Security Services

Focused on Delivery Excellence

Persistent utilizes a three-pronged approach to ensure delivery excellence for its clients.



Delivery Predictability

Our delivery excellence and delivery orgs ensure predictability through SQA reviews, robust risk management practices, metrics management, and internal quality audits.



Engineering Excellence

We're constantly enhancing engineering practices by utilizing tools and automation to improve cost, quality, and cycle time. We also provide recommended action plans, business value articulation and metrics for ongoing improvement.



Customer Experience

We value customer feedback and our customer relationships to improve overall CX and CSAT, leveraging comprehensive CSAT surveys and QBRs with relevant stakeholders.

Our Delivery Excellence initiatives include Delivery 360, which is focused on Customer, Commercial, Contract Engineering, and Team Excellence, as well as enhancing our internal Quality Management Systems.

Delivery Excellence

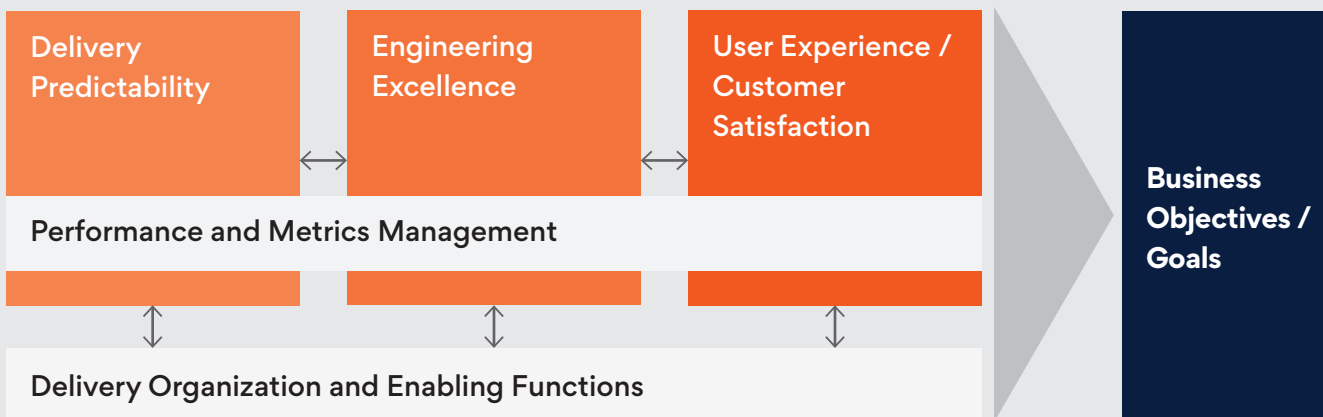


Figure: Persistent Delivery Excellence & Metrics Management Framework

Culture



Persistent’s remarkable culture is founded on six commitments.

Support one another in being vulnerable, bold, and human, with mandated EQ training for all managers.

Build trusted relationships and encourage peer feedback from workplace collaborators.

Activate an innovators mindset by scaling participation and promoting outcomes of our global hackathon.

Recognize efforts, celebrate success (with a dedicated project success celebration fund), and learn from failures.

Nurture our differences to tap the potential of everyone, with new quarterly awards for advocacy in Diversity, Equality & Inclusion.

Cultivate an environment of belonging to help employees bring their human side to work.

To build a sustainable cultural movement, we will measure our progress through the Persistent Culture Score, a composite measure of the overall health of the culture across the company.



Persistent Systems has been honored with the **Golden Peacock Award for Excellence in Corporate Governance 2023 in a national category (IT Sector)**

Persistent adopts special measures to bring transparency and accountability to its governance. The Chairman of the Board also conducts sessions for the directors and newly appointed directors at regular intervals to share current and global business scenarios.

We also have a one-of-a-kind stakeholders relationship committee to communicate with all key stakeholders, and through its foundation have supported numerous programs related to education, health, community development, and relief from natural calamities.

**See
Beyond.**

**Rise
Above.**

About Persistent

With over 23,000 employees located in 21 countries, Persistent Systems (BSE & NSE: PERSISTENT) is a global services and solutions company delivering Digital Engineering and Enterprise Modernization. We work with the industry leaders including 14 of the 30 most innovative companies as identified by BCG, 8 of the top 10 largest banks in the US and India, and numerous innovators across the healthcare and software ecosystems. As a participant of the United Nations Global Compact, Persistent is committed to aligning strategies and operations with universal principles on human rights, labour, environment, and anti-corruption, as well as take actions that advance societal goals.

USA

Persistent Systems, Inc.
2055 Laurelwood Road
Suite 210, Santa Clara
CA 95054
Tel: +1 (408) 216 7010

India

Persistent Systems Limited
Bhageerath, 402
Senapati Bapat Road
Pune 411016
Tel: +91 (20) 6703 0000



Persistent

www.persistent.com