CONTRACT MANAGEMENT SOFTWARE MARKET

GLOBAL FORECAST TO 2024

BY COMPONENT (SOFTWARE AND SERVICES), BUSINESS FUNCTION (LEGAL, SALES, PROCUREMENT), DEPLOYMENT TYPE (ON-PREMISES AND CLOUD), ORGANIZATION SIZE, VERTICAL, AND REGION

MarketsandMarkets™ is the world's largest revenue impact company, serving over 7500 customers. 80% of top 2000 companies globally rely on us for identifying new high growth and niche revenue opportunities.

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Our revenue impact methodology provides quantified and actionable insights on converged, granular and connected market eco-systems that result from disruptive technologies and high-growth markets. We provide an extended lens on not only what will impact our client's revenue but also what will impact their clients' revenues, continually uncovering latent opportunities.

We work across all major B2B industries with C-level executives in functions such as Strategy, Marketing, Sales, R&D, Product, and M&A. MarketsandMarkets™ brings exclusive high-growth markets intelligence generated by over 850 SMEs and analysts along with its proprietary Revenue Impact platform (Knowledge Store).

1   EXECUTIVE SUMMARY

Contract management is a discipline that supports commercial management through the preparation, negotiation, implementation, and oversight of legally enforceable performance commitments and risk positions, both outbound (to the market) and inbound (from the market). It converts commercial policies and practices, and technical capabilities into specific terms and conditions that are offered to or required from its suppliers, customers, or business partners, ensuring compliance or gaining approvals for non-compliance. Through active monitoring of performance needs and outcomes, contract management informs commercial management with regard to actual and required commitment capabilities, together with their financial and risk impact.[1]

Contract management started with manual overseeing, with heavy reliance on word processor, shared drives, and spreadsheets. All contract activities were carried out offline and were tracked in spreadsheets. When new contracts needed to be drafted, the creator would find the most updated template on the shared drive and follow the approval process flow chart by walking the document to the appropriate departments. Problems started arising in the system when the number of contracts eventually grew, or collaborations from multiple stakeholders were required. As companies started leveraging digital technologies in the early 2000s, contract management techniques also evolved and transitioned from manual to automated processes. Most of the large enterprises developed in-house management systems, while some of them continued using simple, and limited, databases developed by others. These systems improved the processes of requesting, authoring, negotiating, and approving contracts. However, business functions such as legal, procurement, and sales still faced issues related to outdated drafts, making it difficult for staff to find the most recent editions, keep track of changes, and react in a timely manner when contracts expired. This led to liability concerns, and hence, the need for better contract management software.

The growth of the contract management software market can be attributed to several factors, such as the rising demand for agile contract management and growing availability of the cloud-based deployments of contract management software. However, the primary driving factor for the contract management software market is the increasing changes in compliance regulations across regions. With recent changes in regulatory compliances, such as GDPR and HIPAA, organizations need to update their contract management practices to meet the requirements. This process of change can be costly and time-consuming, but the use of contract management software simplifies this process by providing templates and automating the contract management process.

During the forecast period, the rising demand for "Smart Contracts" and increasing automation of the contract management process using AI and ML are expected to provide significant opportunities for the growth of the contract management software market. The AI/ML tools can be leveraged for refining the methods of collecting, extracting, and analyzing contract-related information and implementing new regulations, such as IFRS 16 and GDPR, which require in-depth contract review. ML can be applied to contract provisions, such as terms, conditions, and clauses, to understand better the extent and usage of legal language contained in existing contracts. With new updates and capabilities, ML will also be able to assist in the contract creation and compliance process. However, a few pivotal factors hindering the growth of this market are the lack of skilled expertise and privacy and security concerns.

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1 IACCM, Retrieved from: https://www.iaccm.com/about/contract-management/

Many companies are still using manual methods for contract management, and upgradation to an automated contract management software necessitates the concerned personnel to have sufficient knowledge regarding the legal framework and subject matter of the contract to define the terms and conditions of the contract successfully. As companies move their documents from legacy to digital format, the contracts' sensitive data in these documents becomes prone to cyberattacks. Currently, many contract management software providers encrypt the data to protect it from hackers; in the future, many contract management services providers are expected to provide advanced protection against cybersecurity threats.

The global contract management software market has been segmented based on components (software and services), deployment types, organization size, business functions, verticals, and regions. Among services, the support and maintenance services segment is expected to have the highest market share in the contract management software market during the forecast period. This growth is attributed to the rising adoption of contract management software, especially in North America, Europe, and APAC regions.

The contract management software market by organization size includes SMEs and large enterprises. The SMEs segment is projected to grow at a higher Compound Annual Growth Rate (CAGR), as the SMEs are gradually realizing the Return on Investment (ROI) from contract management software when compared with the cost of compliance. By deployment type, the contract management software market is segmented into on-premises and cloud. The cloud segment is expected to grow at a higher CAGR during the forecast period, due to the increased demand and low cost of cloud-based software. The contract management software market by business function includes legal, procurement, sales, and others such as HR, IT, and finance. The legal segment holds the highest market share, owing to the high adoption of contract management software to manage legal contracts. Among verticals, the healthcare and life sciences vertical holds the highest market share owing to the increasing deployment of contract management software to reduce operational costs and growing need to maintain compliance with regulatory mandates in the vertical.

FIGURE 1   **CONTRACT MANAGEMENT SOFTWARE MARKET TO WITNESS SIGNIFICANT GROWTH DURING THE FORECAST PERIOD**
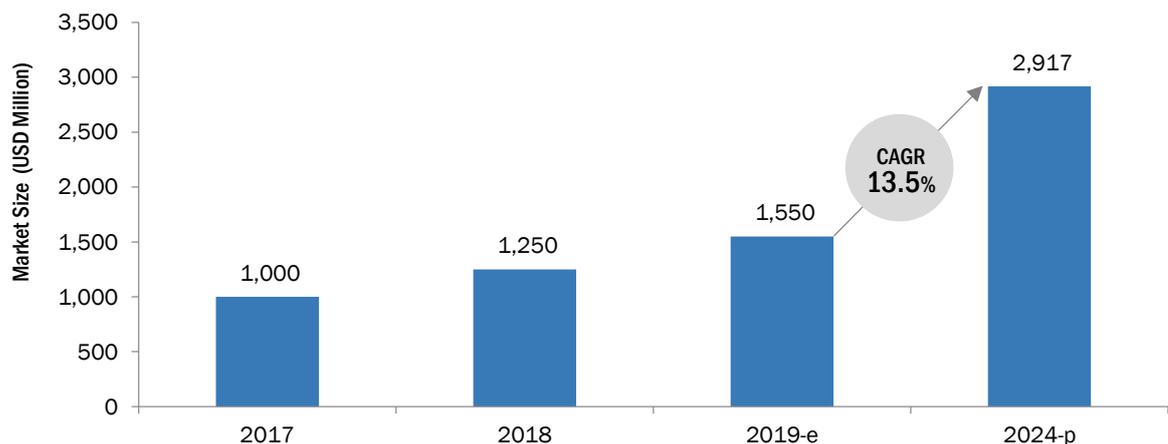
e: estimated; p: projected

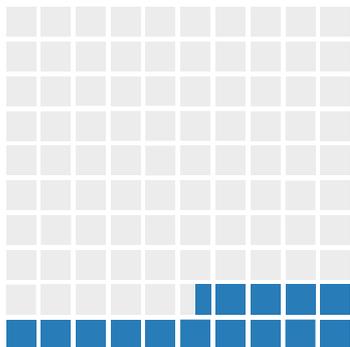*Source: Secondary Literature, Expert Interviews, and MarketsandMarkets Analysis*

The figure above depicts the global contract management software market during the forecast period. The global contract management software market is expected to grow from USD 1,550 million in 2019 to USD 2,917 million by 2024, at a CAGR of 13.5% during the forecast period. This growth is fueled by the demand for efficient contract management to manage the ever-rising contract volumes across the globe.

FIGURE 2 FASTEST-GROWING SUBSEGMENTS IN THE GLOBAL CONTRACT MANAGEMENT SOFTWARE MARKET IN 2019
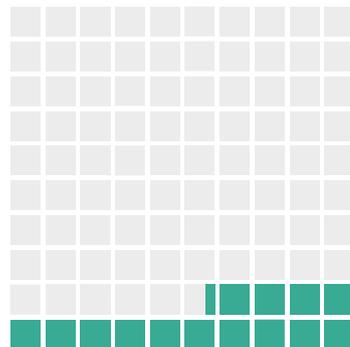
14.5%
RETAIL AND ECOMMERCE

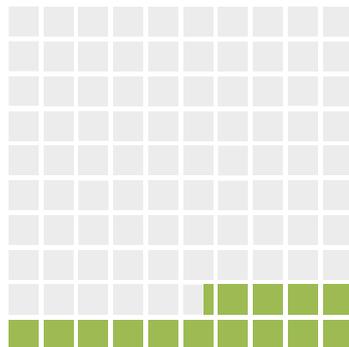CAGR (2019–2024)

14.3%
SMEs
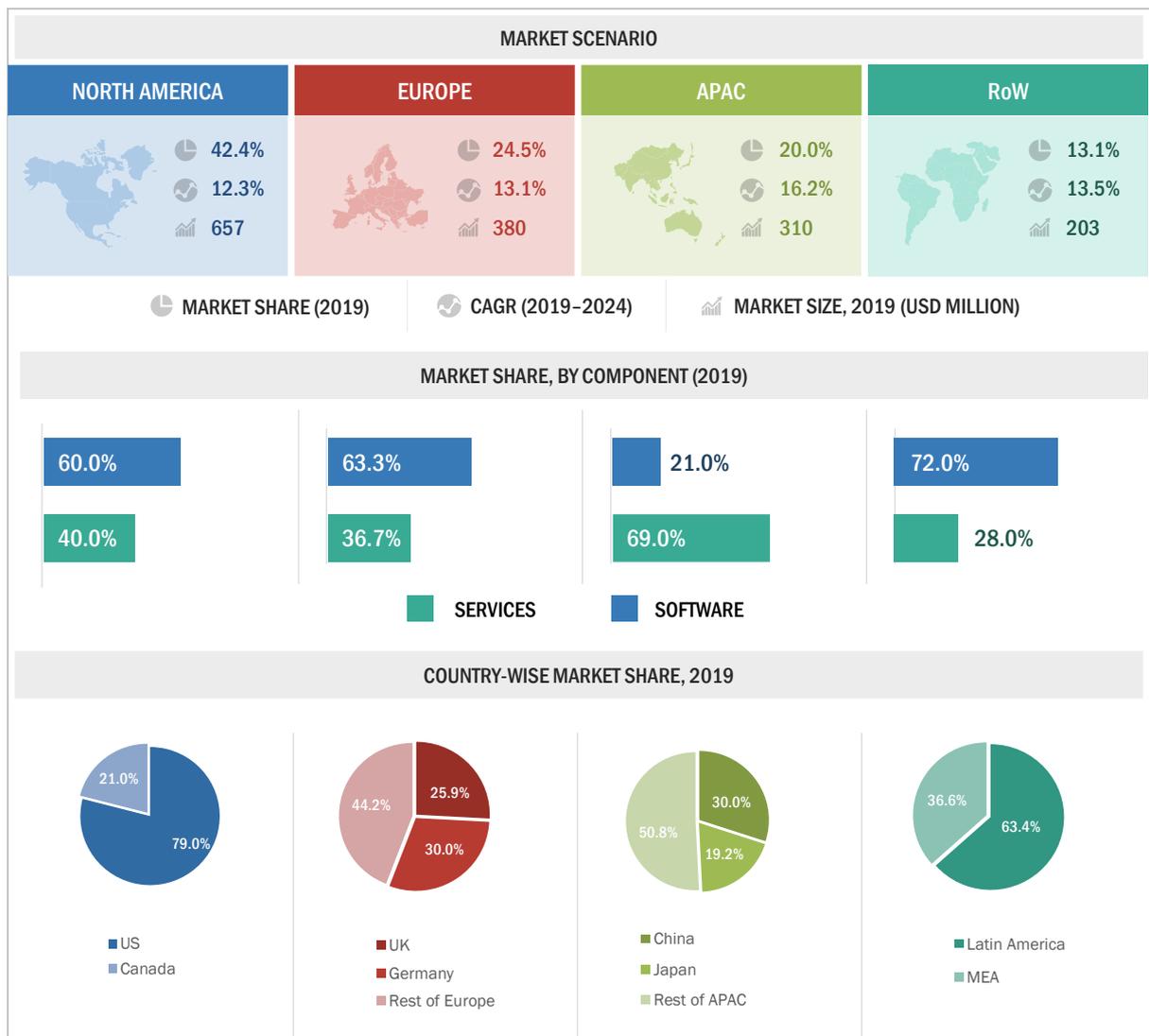
CAGR (2019–2024)

14.1%
Sales

CAGR (2019–2024)

Note: 1 block represents 1%

Source: Secondary Literature, Expert Interviews, and MarketsandMarkets Analysis

FIGURE 3   CONTRACT MANAGEMENT SOFTWARE MARKET: REGIONAL SNAPSHOT

Source: Investor Presentation, Secondary Literature, Expert Interviews, and MarketsandMarkets Analysis

The report also contains the profiles and the competitive leadership mapping of major technology vendors. Some major technology vendors included in the study on the contract management software market are Agiloft Inc. (Agiloft), Apptus Technologies AB (Apptus), CLM Matrix, Cobblestone Systems Corp (CobbleStone Software), AppExtremes, LLC dba Conga (Conga), Concord Worldwide, Inc. (Concord), SecureDocs, Inc. (ContractWorks), ContractsWise, Coupa Software Inc. (Coupa), Determine, Inc. (Determine), DocuSign, Inc. (DocuSign), HighQ Solutions Limited (HighQ), IBM Corporation (IBM), Icertis, Inc. (Icertis), GEP, SciQuest, Inc. d.b.a. JAGGAER (JAGGAER), SAP Ariba, Synertrade Inc. (Synertrade), Trackado, Volody (US), and Zycus Inc. (Zycus). These companies are adopting various measures, such as mergers and acquisitions, partnerships and collaborations, and new product developments, to increase their market shares. The report tracks and mentions the activities undertaken by these market vendors.

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