The Benefits of an Effective Contract Management system

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The term Contract Management System can be broken into three words Contract, management and system. You might be familiar with the word contract. A contract is basically a legal document specifying the deal between the employer and an employee, business and the customer or partnership between two business enterprises. A Contract Management System is the management and organization of the contracts. It is also known as control Lifecycle management which means it controls the entire Lifecycle of the project. Need of a contract management system:

The contract management system is necessary for the healthy working of any business.

It is a written document of the entire project so we can look up to the contract in case there is any ambiguity or query.

o It ensures the regular supply of the goods and services. The contract also mentions the quantity and the quality of the goods to be supplied and after what intervals the goods are needed to be supplied

o It covers your risk if the vendor doesnâ€™t supply you the goods, doesnâ€™t supply them till the deadlir or supplies you the faulty or poor quality products. The company can mention that it has full right to recover its losses from them if that happens.

How does it work?

o The contract management system stores the companyâ€™s standardized contracts.

o It creates an efficient team of employees and assigns them the job of creating new contracts and executing them.

o It will manage the deadlines that the vendors are required to meet. It manages the relationship with the vendor and interactions with them.

o Document Management helps in managing the budget and pricing of the each phase of the life cycle of a project.

o It helps in tracking if there are movements from the terms and conditions specified in the contract by the vendor.

o It is a legal proof of the deals between two parties and we can sign a bond of a particular time a supplier has to work with us.

The Document Management System will check which contracts are risky for their business? , which contracts are expensive for their budgets? And which contracts are required to be renewed? Principles of contract management system:

o The first step is the creation of the contracts.

o The second step is to negotiate the best deal which is beneficial for both the parties and compliance with the contract.

o The third step is the service level agreements and key performance indicators which describe the performance of the vendor

o The last step includes Document Management Software check of the documentation, making changes and analyzing it.

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