

CONTRACTPRENEUR

The Contracts Newsletter for Small and Medium-Sized Businesses

EXCLUSIVE

'ON DEMAND CONTRACT SUPPORT'

-A GROWING OPTION FOR SMBS

On demand resourcing gives smaller companies flexibility. Need a particular set of skills for a limited purpose and limited time? Done! It just doesn't make sense to hire full-time workers who are actually needed only for one project and will sit idle the rest of the time. *See page 8*

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**2023
YEAR IN
REVIEW**

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INTRODUCTION

Welcome to the 2023 Year in Review edition of Contractpreneur, proudly presented by Vyapi, your dedicated partner for contract management.

From the beginning, Vyapi has empowered (SMBs) with a full range of professional, affordable and reliable contract solutions. Contracts are all we do. 24/7.

Each edition of Contractpreneur takes a deep dive into the contract management needs of SMBs with thought-provoking articles, expert insights, and industry updates. Contractpreneur is your source for all things contracts today and throughout the year.

Subscribe now to take control of your contracts, and transform them into strategic assets.

In this 2023 Year In Review edition, Contractpreneur highlights:

- ▶ Contract Management Trends & Issues
- ▶ SMB Contract-Related Updates & Regulations
- ▶ Contract Data SMBs Need to Know
- ▶ Exclusives From Vyapi
- ▶ Industry Expert Insights on Contract Management

This newsletter wouldn't be possible without our contributors. We're grateful for the contract expertise they lent to this project



SMB CONTRACTS TRENDS 2023

SMBs Wants To Manage Their Contracts Efficiently For Better Business Growth

SMBs increasingly recognize the vital need to efficiently manage their contracts in order to grow.

Contracts play a pivotal role for all companies. According to PwC, large companies are burdened with as many as 20,000-40,000 contracts each year. Although they don't handle quite so many contracts annually, smaller companies are similarly encumbered by commercial agreements. While some SMBs still opt for informal transactions done on a handshake, the significant risks associated with conducting business without formal contracts underscore the importance of robust contract management.

Efficient contracting is a cornerstone for SMBs, with the potential to revolutionize their operations, drive deal closing, and increase revenue. The starting point for most SMBs is finding contract professionals who know contracts, and who can provide the real world experience, playbooks, templates, drafting, negotiation support, and hand holding essential to improved contracting. Unfortunately, few SMBs have those essential resources – lawyers, contract managers – in house.

Expert Insight

What are your views about the future of contract management in the finance industry?

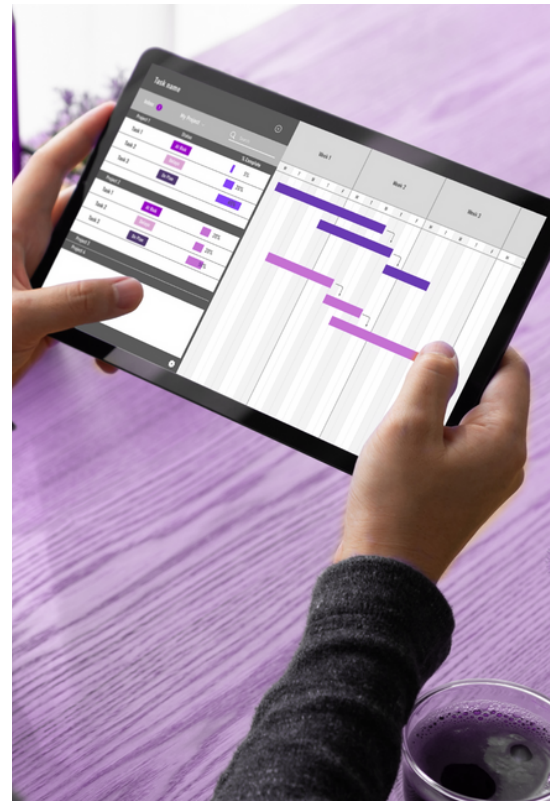
Vibhore: "The future promises significant advancements driven by technology. Increased automation will streamline repetitive tasks and workflows, freeing up legal professionals for more strategic work. Data and artificial intelligence will play a crucial role in analyzing contracts, enabling us to identify potential risks and opportunities with greater precision. With a focus on risk management, contract management will increasingly emphasize identifying, assessing, and mitigating risks throughout the project lifecycle, ensuring the success of complex projects."

Help is on the way: SMBs that lack such subject matter experts can rely on specialized contract outsourcing services.

The next step is contract lifecycle management (CLM) technology that facilitates contract collaboration with user-friendly processes. Not only does technology improve contracting, but it also addresses data protection concerns with features like encryption and two-factor authentication. CLM also offers centralized record-keeping, enabling secure online storage, increased organization, real-time querying, and ensured compliance.

Specialized contract experts, as well as implementing CLM, can provide SMBs significant contract data insights they may use for better negotiation, tracking supplies and inventory, growing sales, making timely payments, and of course improving their bottom line. Enhancing contract management is critical to SMB success. It optimizes operations, reduces risks, and allows SMBs to use their limited resources to focus on core competencies. The bottom line: Efficient contract management is a strategic imperative for SMBs aiming for robust growth.

Businesses could save a **9% on average** of a company's annual revenue with improved contract management



2023 Market Trends

- ▶ Increased adoption of electronic signatures
- ▶ Rise of self-service contracting platforms
- ▶ Focus on supplier relationship management (SRM)
- ▶ Increased use of artificial intelligence (AI) in contracting
- ▶ Growing demand for data-driven contracting

Vibhore Chaturvedi

Vice President - Legal
NIIF Infrastructure Finance Limited



SMB CONTRACTS ISSUES 2023

Issue 1

Not Knowing Your Contracts Can Cost SMBs \$\$

Many SMBs consider contracts a necessary evil: documents to be signed and filed away, gathering dust until they resurface at renewal or in the event of a dispute. But this hands-off approach can be a recipe for disaster. Not knowing your contracts can expose SMBs to operational inefficiencies or even legal-financial disasters.

Consider the following scenarios:

- ▶ **Missed deadlines and hidden fees:** Buried within the provision of an obscure contract can be critical dates for termination or automatic renewal. Being unaware of these critical dates may lead to missed opportunities to walk away from a bad deal or incur unexpected penalties.
- ▶ **Unforeseen risks and liabilities:** Vague contract language or a lack of understanding of key terms may leave your SMB vulnerable to risks including judgments, data security breaches, or non-compliance with regulations.
- ▶ **Inefficient workflows and wasted resources:** Manual contract management processes, chasing down paperwork, and time spent resolving contract-related issues can consume valuable resources that could be better invested growing your small business.

Sounds like it's crucial for SMBs to get to know their contracts.

Managing contracts effectively creates strategic advantage. It involves more than avoiding pitfalls; it's about proactively identifying and mitigating risks, as well as safeguarding your SMB from potential legal battles and reputational harm. A comprehensive understanding of contracts reveals untapped opportunities, allowing SMBs to negotiate favorable terms and optimize existing agreements. Through streamlined and even automated contract processes, SMBs not only save time and reduce errors but also enhance operational efficiency. And that frees up SMBs' limited resources to focus on core business functions.

Really knowing your contracts doesn't need to be an oppressive task for SMBs. It doesn't need to be done using internal resources. You can take action now by partnering with a contract services vendor who understands your need to know what's in your contracts, by analyzing and inventorying your stakeholders, obligations, deadlines and renewals, and who will create relevant templates and playbooks to manage your contracts now and into the future. Knowing your contracts is worth the investment.

Remember, your contracts are not just paper; they are powerful tools that can shape the trajectory of your company. Now's the time to unlock the opportunities in your contracts. Don't let your contracts become blind spots – take control and watch your SMB soar.



Expert Insight

What specific challenges arise when managing contracts in complex PE deals with multiple stakeholders and diverse legal jurisdictions?

Prakhar: "While navigating the complexities of diverse stakeholders, legal frameworks, ambiguities, and rapid cycles in PE deals is no easy feat, we strive to achieve success through efficient collaboration. Our team leverages standardized templates for most of the routine contracts, however, in case of more complex deals ingenuity and simplicity of contracts are critical in providing bespoke solutions. We maintain centralized repositories, and proactive communication to ensure clarity and consistency throughout the investment lifecycle. With continuous risk analysis, transparency, and data-driven insights, we optimize efficiency and resource allocation. By continuously learning and embracing emerging technologies, we stay ahead of the curve, ensuring our PE investments thrive in the ever-evolving landscape."

Prakhar Sharma
General Counsel
Kotak Alternate Asset Managers



Issue 2

Inefficient Manual Contract Management: Risks To SMBs

Manual contract management can pose challenges to SMBs. Take the case of a struggling tech start up. This promising small company relied primarily on email and paper to create and execute its contracts. Let's look at some of the problems created by over-reliance on manual contract processes.

First, a critical renewal was missed, resulting in project delays which impacted revenue for this SMB. Second, compounding the problem, a simple typo in a contract clause led to confusion and a dispute with associated costs and delays. Third, adding to those issues was poor collaboration stemming from information silos across the company's departments which hindered communication and significantly slowed down contract approvals.

This case study vividly demonstrates the tangible consequences of manual contract processes. You name the issue: lost revenue, operational delays, internal discord. What's an SMB to do?

To address these challenges, this SMB consulted with a contract services consultancy that recommended automating many of its contract management processes. The consultancy explained the pros and cons of using class leading CLM tool. The consultancy guided the SMB in selecting and implementing the most affordable, accessible and painless software to streamline contract workflows, track deadlines, and enhance collaboration.

Contract professionals provided the start up with standardized and bespoke contract templates as required to reduce errors and ensure clarity. The

SMB began using e-signatures to eliminate delays associated with printing and scanning, while automating repetitive tasks such as contract routing and approval workflows. Relying on contract professionals and a leading CLM solution, the company's contracting was improved across the board.

In fact, the tech start up and the contract management consultancy have much in common. They both focus on the pivotal role of experts, process improvement and technology. As a result, a tech start up – even one lacking a legal department – was able to implement a range of contract management solutions, including risk identification and resolution, exhaustive contract obligation mapping, strategic negotiation support, customized contract templates, and thorough contract review and revision.

The tech start up's contract management transformation was consequential including accelerated deal closures, risk mitigation, substantial reductions in legal expenses, improved cash flow, and compliance with industry and regulatory standards.

Adding to this SMB's transformation was its partnership with a contract services provider that gave it the critical subject matter expertise the company lacked to create, negotiate, execute and administer contracts.

Integrating contract management expertise and technology into operations is an important and necessary step for SMBs that recognize improved contracting means business growth.

Expert Insight

How can the risks associated with cultural differences in contract negotiation and interpretation be managed effectively?

Cultural differences can significantly impact contract negotiation and interpretation. Building strong relationships and fostering open communication with international partners are crucial. Cultural sensitivity training helps legal professionals understand different communication styles, negotiation tactics, and legal systems. Additionally, incorporating culturally appropriate language and clauses into contracts can enhance clarity and avoid misunderstandings. It is always advisable to take support of local experts who understand the cultural nuances and can guide through negotiations, ensuring a smoother process.

Anish Syril

General Counsel
Samsung Semiconductor



SMB INDUSTRY UPDATES & REGULATIONS

INDUSTRY UPDATES

Focus on sustainability

SMBs are increasingly focusing on sustainability as consumers and businesses demand more environmentally friendly products and services. This trend is being driven by factors such as climate change, resource scarcity, and consumer demand.

Changing workforce dynamics

The workforce is changing rapidly, with SMBs facing challenges such as skills shortages, the rise of the gig economy, and generational shifts. This is forcing SMBs to adapt their hiring and retention strategies.

REGULATIONS

Updated data privacy laws

Data privacy laws are becoming increasingly stringent around the world, and SMBs need to be aware of these changes. This is due to the growing importance of data and the need to protect consumer privacy.

Changes to labor laws

Labor laws are constantly changing, and SMBs need to stay up-to-date on these changes. This is due to factors such as the rise of the gig economy and the changing nature of work.

Increased focus on cybersecurity

Regulators are increasingly focusing on cybersecurity, and SMBs need to be prepared for increased scrutiny. This is due to the growing importance of cybersecurity and the increasing sophistication of cyberattacks.



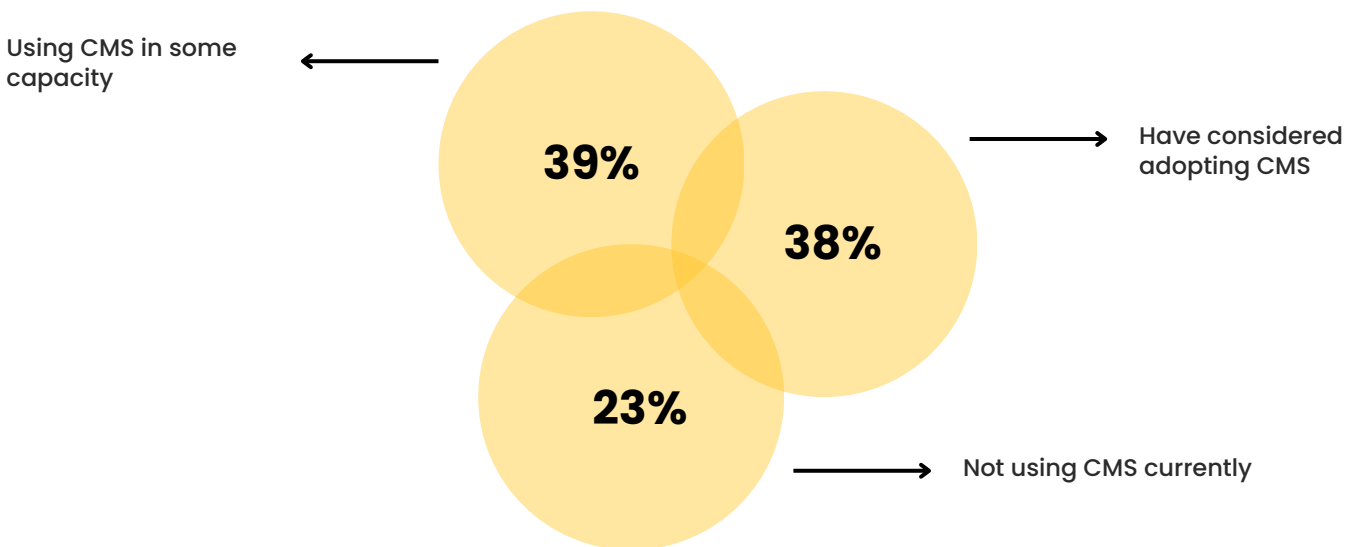
CONTRACT DATA SMBs NEED TO KNOW

- 50%**
SMBs agree that improving their contract management now will make them more efficient
- 57%**
SMBs agree that they've ignored some contract obligations
- 43%**
SMBs agree that they'll save money if they improve their contract management



Source: Online Survey conducted by Vyapi team.

Use of Contract Management Services (CMS) among SMBs



Source: Small Business Technology

90%

of businesses are dissatisfied with their current CLM system

67%

report that the CMS they chose was a 'bad fit' for their company and were reassessing the right solution

39%

do not have a CMS and are actively looking to implement a CMS solution

Source: CLM Market Study 2023



We Do Contracts For Small And Medium-Sized Businesses



HIGHLIGHTS FROM VYAPI

Most Read Blogs

- ▶ No Law Department? – No Problem for Small and Medium-Sized Businesses
- ▶ How Small and Medium-Sized Businesses Can Avoid Contract Burnout
- ▶ Small Business, Lawyers and Contracts: A Complicated Relationship
- ▶ Small Businesses Reconsider Using Non-Compete Agreements
- ▶ Don't Make These 10 Small Business Contract Mistakes. Hint: We Can Help

Where do you see contract management providers like Vyapi in 2024?

Companies like Vyapi are poised to become indispensable partners for SMBs seeking to optimize their contracting processes and mitigate risk. Vyapi in particular is uniquely positioned to address the needs of smaller businesses that face complex commercial transactions, lack adequate legal resources, and urgently need to keep up with their contracts. We already support SMBs across the contract lifecycle professionally, affordably and swiftly. In 2024 Vyapi will undoubtedly continue to shape the future of contract management.

Sumesh Sawhney
Founder & Director,
Vyapi



Vyapi In The News



Vyapi For SMBS
Thinking Big for Small Companies: Vyapi Launches Contract Management Services Supporting the Unique Needs of SMBs.

[Read Here](#)



Vyapi Appoints New Solutions Head
Vyapi Appoints Legal Managed Services Pioneer Robert Unterberger To Grow U.S. Contract Services.

[Read Here](#)



Vyapi's New Office In New York City
Vyapi Opens New York Office Providing Contract Management Services to Small and Medium-Sized Businesses across the U.S.

[Read Here](#)



Vyapi Recognized As One of America's Top Small Businesses
U.S. Chamber of Commerce Names Vyapi Among Select Leading Small Businesses.

[Read Here](#)

On Demand Contract Support: A Growing Option For SMBs

Most employers consider 40 hours, five days per week, to be full-time employment. That's about 2,000 hours a year. Full-time employment also typically includes paid time off, paid holidays, healthcare, retirement plans, and more.

An employer may prefer full-time employees to plan and handle work, as well as develop employee loyalty. But full-time employees may not be cost-effective, and may impact morale, where workloads ebb and flow. Managing full-time employees, their benefits and tax obligations becomes expensive when projects are few. And that places all kinds of stress on employers and employees alike.

A growing option for SMBs is a type of sourcing that allows them to quickly hire people they need for a project. Such flexible staff augmentation provides companies – particularly SMBs on projects like contract management without incurring the costs of hiring full-time employees. It also allows existing full-time workers the ability to focus on other company functions while an “on demand” individual or team handles the rest.

In the past, on demand resourcing generally focused on basic activities like manual labor where little or no subject matter expertise was required. But that was the past. Today the value of on demand resourcing has increased since companies now can hire on demand experts who have superior training, knowledge and experience to take on crucial work, including contract management.

On demand support is growing because it makes so much sense for small companies:

SMBs save money with an on demand option. The investment is significantly lower than hiring full-time. Moreover, small companies – who are stretched to begin with – don't have to invest in

training, onboarding, and integrating on demand staff who already have the skill set to hit the ground running.

It's difficult enough for SMBs to recruit local specialists. Lack of expertise. Labor shortages. The on demand option saves time on recruitment. On demand gives you access to a talented pool of subject matter experts. You don't need to go through a long list of candidates before you find the proverbial needle in a haystack. Candidates are vetted and waiting for you now.

On demand resourcing gives SMBs flexibility. Need a particular set of skills for a limited purpose and limited time? Done! It just doesn't make sense to hire full-time workers who are actually needed only for one project and will sit idle the rest of the time. On demand is scalable. You can increase or decrease on demand staffing as your needs change.

And SMBs owners can, well, relax with on demand staffing. There's no need for employers to commit 100% of their time and patience to more full-time staff. The on demand professional has seen it, done it, tracks his or her work, reports regularly, is communicative, and complies with the employer's demands. Easy!

Contract management – creating playbooks and templates, researching, preparing, drafting, reviewing, revising, negotiating, tracking renewals, and otherwise administering all aspects of contracts on behalf of small businesses – is just one example of the growing trend of on demand support to supplement your workforce.

To receive the benefit of on demand staffing only requires contacting a qualified vendor, who can provide you with a skilled resource (or resources) for the duration of your critical project."

About Vyapi

Vyapi is a global contract management services company providing affordable and customized contract solutions designed to meet the unique needs of SMBs. Vyapi supports SMBs looking to efficiently handle their contracts.

Vyapi supports:

- ▶ SMBs burdened by contracts
- ▶ SMBs without legal, sales, procurement, finance or human resources departments
- ▶ SMBs looking for end-to-end contract management

How does Vyapi measure its progress towards achieving gender equality, and what are your goals?

At Vyapi, we believe contracts are only as strong as the team behind them. That's why gender equality isn't just a policy, it's the beating heart of our culture. From diverse leadership to flexible work arrangements, we empower everyone to thrive, unlocking the full potential of our team and ensuring every voice is heard. Join us and be a champion for both contracts and equality. Vyapi empowers its employees to unlock their potential. Every voice is heard, including that of our customers.

Kala Bose
Chief - People & Culture,
Vyapi



What advice would you offer SMBs looking to change and improve their contracting processes?

Change can be surprisingly easy. In our experience, we find SMBs are more open and flexible than many much larger enterprises. At Vyapi, once we understand our customers' contract pain we simply ask them to consider having us make one or more small changes in how they handle contracts. Just a few improvements in process can make a substantial difference for smaller companies. At Vyapi, not only do we have years of experience improving companies' contracting, but we also offer perspective from working with the world's largest companies to communicate and implement change to SMBs.

Robert Unterberger
Vice President - Solutions,
Vyapi





We'd Love To Hear Back From You!!

Questions? Suggestions? What would you like to learn more about in upcoming issues of the newsletter?



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Vyapi Wishes You All

HAPPY NEW YEAR