

Magic Quadrant for Contract Life Cycle Management

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As organizations seek better regulatory compliance and faster authoring, negotiation and signoff cycle times, interest in contract life cycle management software is growing rapidly. This report will help application leaders responsible for enterprise CLM solutions select the most suitable vendor.

Market Definition/Description

Gartner defines contract life cycle management (CLM) software as an application, installed on-premises or delivered as a service, that proactively manages contracts from the initiation stage through the award, compliance and renewal stages. In this context, a contract is any agreement or contractual document containing obligations that affect an organization now or in the future (as, for example, in the case of a nondisclosure agreement).

A CLM software solution's core capabilities enable the user to:

- Request a contract
- Create a contract
- Manage the negotiation and approval workflow
- Store contracts
- Search contracts
- Conduct advanced analysis
- Update or renew a contract

Magic Quadrant

Figure 1: Magic Quadrant for Contract Life Cycle Management





Source: Gartner (May 2021)

Vendor Strengths and Cautions

Agiloft

Agiloft is a Leader in this Magic Quadrant. Its Contract Lifecycle Management Suite (version 6, release 10.5.1) caters to all contract types. Agiloft has approximately 630 customers using this product. Agiloft's operations are mostly located in North America. Its clients range from small and midsize businesses (SMBs) to large enterprises (those with more than \$2 billion in annual revenue), with high concentrations in the public, professional services and healthcare sectors. Agiloft takes the leading role in most implementations of its software. Its top three implementation partners are Deloitte, TCS and 4C (a Wipro company). Areas of future focus include international growth through partners, a buy-side "request for x" (RFx) solution, and improved integration with Salesforce and Microsoft solutions.

Strengths

- **No-code customization:** Agiloft is open to building custom add-ons for clients, and clients can use Agiloft's no-code platform to create their own custom modules. As a result, Agiloft has strong Ability to Execute for industry- or company-specific requirements.
- **Overall value:** Users of Gartner's client inquiry service say they derive high value from the money they spend with Agiloft. Feedback has also been positive about the transparency of Agiloft's pricing model and the simplicity and economy of rightsizing fees based on projected usage levels within flexible licensing tiers.
- **Market responsiveness:** Agiloft has demonstrated responsiveness and resiliency in its work with healthcare clients throughout the pandemic. For example, it has introduced enhancements to speed up contractual activities for vaccine trials. It has also extended support hours to align with clients' work-from-home efforts and provided free professional services to clients doing pandemic-related work.

Cautions

- **Usability:** Agiloft recently completed a total revamp of its UI, including the keyword search, mobile app, Microsoft Word interoperability and reporting dashboards. New customers should allocate extra time to test the revamped UI, given that it is still in the early stages of adoption. Agiloft will continue to support the legacy UI as its existing customers transition to the new one.
- **Support for global clients:** Agiloft's global network of sales and implementation partners is still ramping up. Large, global companies headquartered outside the U.S. should vet Agiloft closely to ensure it is the right choice.
- **Artificial intelligence (AI)-based contract review:** Agiloft's automated contract review and analysis capabilities are fairly new, compared with those of the other Leaders in this Magic Quadrant. It has a strong roadmap for enhancing these capabilities, but customers working with Agiloft on this front will effectively be early adopters.

CobbleStone Software

CobbleStone Software is a Challenger in this Magic Quadrant. Its Contract Insight Enterprise Edition product (version 17.7) supports all contract types. CobbleStone has over 950 clients. Its operations are primarily located in the U.S., the U.K. and Canada. It provides global sales and support through partners. Its client base includes, in approximately equal proportions, small, midsize and large enterprises. Its top three customer industries are healthcare, pharmaceuticals and government. Almost all implementations of CobbleStone's software during the past 12 months were completed by its own implementation team. Enhancements on its product roadmap include automated contract compliance checks and improvements to its Contract Ai module (such as the integration of third-party datasets to improve accuracy).

Strengths

- **Long-established industry expertise:** CobbleStone has been providing contract management software solutions for more than 20 years, so clients can take advantage of its strong industry knowledge and best practices. There is also an extensive user community from which to learn, and a proven methodology for deployment.
- **Flexibility of deployment and pricing models:** CobbleStone offers three different versions of its Contract Insight CLM software, each with different options for hosting, user licensing and features. It can serve as an affordable entry-level contract repository for customers that want to start small with a one-year subscription and grow over time into a full-featured, enterprise-level solution.
- **Government support:** CobbleStone is a U.S. federal contractor that has been awarded a General Services Administration (GSA) contract on Schedule 70 (government cooperative contract). It offers a range of government-contracting-specific functionality, such as Disadvantaged Business Enterprise (DBE) tracking and reporting, and a U.S. Freedom of Information Act contract portal.

Cautions

- **Size and revenue growth:** Despite having been in business for two decades, CobbleStone has low brand awareness and has grown at a slower pace than the Leaders in this market. Although its customer service levels remain high, the company's revenue has not grown as quickly as that of the Leaders — a shortcoming that reduces its ability to invest as much in research and development (R&D).
- **Global support:** CobbleStone's primary staff are located in North America and the U.K. Almost all its revenue comes from North American clients. It works through resellers to meet international demand. For prospective customers that prefer to work directly with a vendor to fulfill complex CLM needs globally, this is a drawback.
- **Vision and innovation:** CobbleStone has begun to accelerate its innovation efforts, but still trails CLM Visionaries in areas like collaboration and overall usability. CobbleStone recently released enhancements to its proprietary VISDOM AI to improve clause recognition, comparison and evaluation, but customer adoption is only just ramping up.

Conga

Conga is a Leader in this Magic Quadrant. Apttus, backed by private equity firm Thoma Bravo, acquired Conga in May 2020; the combined company is named Conga. Conga has over 900 CLM customers. Its Conga CLM - Winter '20 Release caters to all contract types, but has a particular focus on sell-side end users. Conga's operations are primarily in the U.S., Germany and the U.K. Its clients range from SMBs to large enterprises. Its top three customer industries are high tech, healthcare/life sciences and manufacturing. Over half of Conga's implementations are partner-led. Its top three implementation partners are Accenture, PwC and Deloitte. Future focuses include continuing to unify

Conga's three CLM applications, building deeper contract analytics (for risk scoring, for example) and adding more options for contract collaboration across stakeholders.

Strengths

- **Sell-side contracting support:** In addition to CLM software, Conga offers configure, price and quote (CPQ) and revenue management solutions, which makes it a good choice for sales operations. The company also continues to invest heavily in its Salesforce-specific product line.
- **Diverse product offering:** The combined Conga company has a range of diverse products that will appeal to both small and large companies of different maturity levels. Companies have the option of starting small with an "a la carte" authoring solution designed for small teams using Salesforce, and then growing into an enterprise-level deployment of the Conga product suite.
- **Customer engagement model:** Following the combination with Apttus, Conga has completed a much-needed renovation of the customer support model (one of Apttus' biggest weaknesses in the past). Conga has put in place new processes and methodologies and a Customer Success Manager (CSM) program to stay on top of customer satisfaction metrics. These metrics are actively monitored and reviewed by its top-level executives.

Cautions

- **Contract discovery and analytics:** Conga relies on a partner, Kira Systems, for document analysis and data classification functionality. Kira detects the clauses and Conga's natively built AI then extracts the exact field information and adapts it to the right format.
- **Procurement contracting:** Much of Conga's procurement-specific contracting support (such as the supplier portal and scorecard, and procure-to-pay [P2P] integration) resides in the old Conga Contracts product (Novatus), which has not yet been merged with the company's unified, "go-forward" CLM solution.
- **Overall company stability:** Prior to the merger, Apttus had experienced an extended period of instability accentuated by high executive turnover (including the CEO), low customer satisfaction and a buyout by Thoma Bravo. Things were beginning to stabilize before the Conga acquisition, but not completely. The new combined leadership and product offerings have already shown considerable potential, but there is still risk to consider.

ContractPodAi

ContractPodAi is a Visionary in this Magic Quadrant. It has approximately 150 customers, many of which have been gained in the past two years. Its CLM product caters to all contract types. General counsel and in-house legal teams form the primary end-user group, followed by sales and procurement teams. ContractPodAi's operations are primarily located in the U.K., the U.S. and India. Its clients are typically large enterprises. Its top three industries are high tech, professional services

and utilities/infrastructure. All implementation work is performed in-house. Highlights of its product roadmap include the addition of smart clauses for contracts, an obligations tracker and expanded multilanguage support.

Strengths

- **Legal support:** All of ContractPodAi's customers have legal end users using its application. Many of the company's employees have a legal background, which shows in their ability to support legal requirements from a best-practice, as opposed to purely technical automation, perspective.
- **Outcome-based pricing:** ContractPodAi is one of only a few CLM vendors to offer outcome-based pricing, whereby a percentage of the annual subscription fee is contingent on desired business outcomes being met (for example, a certain percentage of contracts being autogenerated or a certain number of contracts passing through the platform's workflow process). It is also common for ContractPodAi to offer fixed-fee implementations, with the cost rolled into the annual subscription fee.
- **Innovation and vision:** ContractPodAi has invested in forward-looking features, which has led to it being classed as a Visionary. These features include cognitive search, advanced reporting and analytics, a virtual legal assistant, and automated self-service contract generation.

Cautions

- **Growing pains:** ContractPodAi has achieved over 1,000% revenue growth in the past three years, and the size of the organizations it supports has also grown significantly — to a median of more than \$2 billion in annual revenue. To stay competitive and continue to win new business, ContractPodAi deploys agile two-week R&D "sprints." This is an aggressive model, and prospective customers should be aware that smaller vendors can quickly fall behind using this type of approach.
- **Global support:** ContractPodAi's customers have traditionally been mainly in the U.S. and the U.K., with pockets of customers elsewhere in Europe. ContractPodAi is expanding its footprint into mainland Europe, Asia/Pacific and the U.S. through dedicated resources and partners, but its unproven partner ecosystem limits its Ability to Execute on a global scale.
- **Integration:** ContractPodAi's support for integration with procurement, sales, CRM, CPQ and other systems is not as mature as that of some other vendors. Although there is a standard integration toolkit for solutions from Salesforce and SAP Ariba, other common solutions (from Coupa and Workday, for example) have yet to receive out-of-the-box support.

DocuSign

DocuSign is a Leader in this Magic Quadrant. Gartner estimates that it has over 1,200 CLM customers. Its DocuSign CLM product addresses all contract types, but a higher concentration of

customers use it for sell-side contracting. Its operations are primarily located in the U.S., Ireland and France. Its customer base is fairly evenly split between midsize and large enterprises. Its top three industries are high tech, healthcare and financial services. The majority of DocuSign implementations are led by its partners. Its top three implementation partners are Spaulding Ridge, Simplus and Advanced Technology Group (ATG), a Cognizant company. The focus of DocuSign's roadmap is on adding functionality to support self-executing and self-enforcing "smart agreements."

Strengths

- **Momentum:** DocuSign entered the CLM market with the acquisition of Chicago-based SpringCM in September 2018. It has been able to use its established position in the e-signature market and related ecosystem to expand its CLM presence rapidly. Since the acquisition, its CLM customer count has almost doubled, to over 1,200 organizations.
- **Advanced analytics:** DocuSign improved its advanced analytics capability dramatically with its May 2020 acquisition of Seal Software. DocuSign has enhanced its ability to extract and analyze contract data, and to provide contract review and analysis. It can now natively address three of the most prevalent advanced analytics use cases: contract visibility/analysis, contract review and contract risk assessment.
- **U.S. federal government customers:** DocuSign CLM was one of the first CLM platforms to get FedRAMP authorization in 2017. In 2021, DocuSign CLM will also be available in FedRAMP Impact Level 4 (IL4)-compliant data centers serving the U.S. Department of Defense.

Cautions

- **Upgrade path from simpler products to CLM:** DocuSign sells two products as a subset of its full CLM solution: DocuSign Gen for Salesforce and DocuSign Negotiate for Salesforce. These products can serve as steppingstones toward the full CLM offering. Both are built on the Salesforce platform, unlike DocuSign CLM, which means an upgrade requires additional configuration. DocuSign Gen also offers an agreement editor tool that enables users to "drag and drop" Salesforce fields into a document template, so it would be a valuable addition to the core CLM solution.
- **Reporting:** Although DocuSign now excels at advanced analytics, following the addition of Seal Software, its basic reporting capability is still fairly limited. Whereas other CLM vendors have opted to embed in their solutions leading cloud-based business intelligence (BI) tools for reporting, DocuSign built its own, which does not match the competition in terms of features and functions.
- **Integration with procurement systems:** At the time of evaluation, DocuSign CLM had no prepackaged and certified integrations with any of the established application vendors in the procurement software market. DocuSign has since released prepackaged connectors for Oracle (NetSuite) and Workday, and plans to release further connectors for SAP Ariba and Oracle ERP later in 2021.

GEP

GEP is a Challenger in this Magic Quadrant. Its GEP SMART CLM product has approximately 350 customers, which primarily use it to manage buy-side contracts. In addition to CLM software, GEP offers solutions that span the entire source-to-pay process, including spend analysis, sourcing, supplier management and P2P. Its operations are primarily located in the U.S., India and the U.K. Its customers are almost all large organizations. Its top three industries are oil and gas/energy, consumer packaged goods (CPG)/retail, and financial services. Historically, GEP conducted all its CLM implementations itself, but it is now working on new partnerships to shift more of that work to partners. Key enhancements on its roadmap include enhanced support for all contract types, guided contract authoring and embedded analytics.

Strengths

- **Procurement support:** GEP's CLM solution is a core part of its broader source-to-pay suite. Most customers deploy it as part of the full suite to take advantage of native integrations that enable the creation of contracts from sourcing events (including pricing information) and the tracking of purchasing compliance across purchase orders (POs) and invoices.
- **Custom requirements of very large, global and complex organizations:** GEP has historically partnered with very large companies to build the more advanced features of its solutions. If custom enhancements are essential to meet highly specialized requirements, GEP has a good framework in place to support this.
- **Compliance and risk:** GEP has had recent success with financial services organizations that have strict compliance and risk controls. These successes result specifically from its ability to monitor contractual risk by combining supplier performance risk (scores) with legal-language risk in accordance with defined key performance indicators and thresholds.

Cautions

- **Design favoring bundled, not stand-alone, deployment:** Although GEP's CLM solution can be bought separately, it is not typically deployed as a stand-alone product. It primarily serves procurement users, and the full benefits are more often realized when deployed as part of GEP's source-to-contract or source-to-pay platform.
- **Contract authoring:** Adoption of GEP's contract authoring features, such as its Microsoft Word editor and redlining, is relatively limited — most customers use the solution as a centralized repository only. In this case, contract creation is typically achieved through bulk uploads from Microsoft Excel.
- **Gap between vision and current adoption levels:** GEP has a highly ambitious vision for CLM that includes conversational BI tools and internal and external collaboration features, and that extends beyond procurement contracts. However, most of its clients are still in the very early stages of

maturity and adoption, so, in some cases, there is a big gap between GEP's CLM capabilities and how its solution is used today.

Icertis

Icertis is a Leader in this Magic Quadrant. Its Icertis Contract Intelligence (ICI) product has over 225 customers who use it to manage all contract types. Its operations are primarily located in India, the U.S. and Europe. The majority of its customers are large organizations (those with more than \$2B in annual revenue). Its top three industries are pharmaceuticals/healthcare, high tech and retail. Icertis both implements its solution itself and uses partners. Its top three implementation partners are CloudMoyo, Deloitte and Wipro. Notable investment plans include enhancements to its AI product portfolio in order to evaluate clause text against organizational playbook rules, and extended language support for multilingual clause and obligation discovery in contract documents.

Strengths

- **Broad support for all contract types:** A high percentage of Icertis clients use its software to manage all contract types used throughout their enterprises. Icertis has both the depth and breadth of functionality to support most organizations' complex requirements.
- **Microsoft integration:** Icertis is a Microsoft partner, and its software is typically deployed on Azure infrastructure (with hybrid cloud options), which serves as the platform for enabling its blockchain services and cognitive search capability. Icertis has a high level of Microsoft Office 365 integration, including online editing in Word and Teams collaboration.
- **Extended business apps:** Icertis has demonstrated market responsiveness and adaptability by developing "business apps" for clients that go beyond what a traditional CLM solution can do. For example, it has developed a solution to help retailers manage promotions and rebates, and an app to track compliance for government contractors.

Cautions

- **Implementations:** Some of Icertis' clients have reported difficulties with implementations and upgrades. This is to be expected considering the company's growth (over 75 go-lives in 2020), and the complexity of the problems it addresses. However, its clients indicate differences between how projects are initially scoped and the implementation effort actually required.
- **Integration:** Some of the more substantial and specific implementation concerns came from customers who were attempting to deploy Icertis' software as an underlying platform and then use its APIs to build a custom UI. Icertis' philosophy that "anything you can do from the UI should be possible through the API" is good, but it still has work to do to turn this into a practical reality. Customers have also reported specific challenges when integrating Icertis' software with that of Salesforce and Workday.

- **Implementation partners:** Icertis is undertaking the difficult transition to a partner-led implementation model. It has invested in certifying new global implementation partners, such as Accenture and PwC, that can provide both legal and technical consulting, but needs more time to gain expertise through real-life project experience. In the meantime, prospective customers should vet potential partners closely and ensure that the staff appointed to them have Icertis-specific experience.

Ivalua

Ivalua is a Niche Player in this Magic Quadrant. It has approximately 175 CLM customers. Ivalua Contract Management (version 8.168) is primarily a buy-side solution. Ivalua offers solutions that span the entire source-to-pay process. Its operations are centered in the U.S. and France, and its clients tend to be enterprises with more than \$1 billion in annual revenue in the manufacturing, financial services and public sectors. The majority of its implementations are done by partners. Its top three implementation partners are KPMG, Capgemini and PwC. Ivalua's roadmap focuses on expanding support for all contract types, AI-based clause segmentation, key term extraction and collaborative contract authoring.

Strengths

- **Industry-specific functionality:** Ivalua sells tailored versions of its solutions, with industry-specific requirements met "out of the box" for the automotive, manufacturing, public sector, healthcare, financial services and construction/engineering sectors. This commitment to offering industry-specific solutions includes a FedRAMP Ready status and progress toward full authorization, plus listing on the FedRAMP Marketplace.
- **Suite integration:** Ivalua's entire platform is built on a single codebase and unified data model, so organizations looking to extend their CLM can achieve a consistent user experience with good visibility across contracts, spending and supplier data.
- **Flexibility to start small:** Ivalua offers a low-cost Jump Start program that comes with a repository module. The repository, which is typically used to store all contracts, including those in PDF format, provides search capabilities for contract text and metadata, and the ability to manage contract hierarchies and parent-child relationships. Additional modules include authoring, cataloging and price list capabilities. For procurement teams that just need a basic repository solution to start with, at a reasonable price, this can be a better option than a full-featured CLM solution.

Cautions

- **Recent overhaul:** In November 2020, Ivalua rolled out a major upgrade to its CLM solution. Most of its existing customers are not on the latest version yet. The release added new and advanced functionality focused on the overall user experience, the ability to work with Microsoft Word, and AI

to simplify the contract creation process, but its worth has yet to be proven across a wide range of customers.

- **Lower-priority product:** Ivalua's CLM-specific R&D accounts for a smaller proportion of its overall spending than is the case for other vendors in this Magic Quadrant.
- **New customer growth:** Ivalua's sales execution has limitations, with longer-than-average sales cycle and implementation times, and few new CLM customers added in 2020, compared with other vendors in this Magic Quadrant. Its revenue growth has been strong, but driven by a small number of very large customers (those with more than \$5 billion in annual revenue).

JAGGAER

JAGGAER is a Challenger in this Magic Quadrant. It reports over 600 CLM customers, which primarily use its software as a buy-side solution. In addition to the Contracts+ (version 20.3) solution, JAGGAER offers solutions that span the entire source-to-pay process. Its operations are primarily located in the U.S., the U.K. and Italy. Its CLM customer base includes midsize and large organizations. Its top three industries are education, life sciences and the public sector. JAGGAER takes the lead in the majority of its implementations. However, it is working on increasing the number of its certified partner system integrators through a partner training program. Currently, its top three implementation partners are Huron, RiseNow and Xoomworks. JAGGAER's product roadmap focuses on developing a conversational platform, augmented analytics and a "zero touch" UI experience.

Strengths

- **Cost to value:** Gartner's research shows that JAGGAER's products tend to be less expensive than those of other source-to-pay vendors that include CLM functionality. JAGGAER offers a tiered pricing model that uses company size to determine subscription pricing.
- **Integration with procurement and sourcing:** Contract templates from JAGGAER's CLM module can be pulled into an RFP in the sourcing module for negotiation of terms before awarding a sourcing event. Sourcing event data can automatically populate contract templates for the winning bidders for the purpose of contract creation. Customers can meter purchasing against contracted agreements with measurable/milestone deliverables and track budgets against a contract. Suppliers can also invoice directly from a contract, rather than requiring a PO for invoice approval and reconciliation.
- **Recent enhancements:** JAGGAER has significantly bolstered its CLM solution in the past two years. It has released a new search solution, expanded reporting by embedding Looker and added a "guided contract" feature to help streamline contract creation and routing workflow.

Cautions

- **Market responsiveness:** JAGGAER has not responded as extensively as the Leaders to clients' changing CLM needs during the COVID-19 pandemic. For example, although its solution supports analysis of presignature contract risk, postsignature contract risk analysis is not automated and cannot be done in bulk.
- **Limited case studies showing positive ROI:** JAGGAER was able to provide Gartner with only a few concrete examples of customers having achieved a measurable ROI from its CLM solution. Additionally, it was unable to provide customer satisfaction metrics at the level of detail provided by other vendors. At the time of evaluation, JAGGAER had only recently implemented a more in-depth customer feedback program.
- **APIs:** JAGGAER's CLM solution comes with no open, public APIs. Such APIs are on JAGGAER's roadmap, but most legacy contracts are currently imported via XML or Microsoft Excel upload.

Oracle

Oracle is a Challenger in this Magic Quadrant. Gartner estimates that it has over 500 customers using its cloud-based CLM solution. Oracle Procurement Contracts Cloud is part of the Oracle Fusion Cloud Procurement suite of business solutions, but it can also be purchased separately. Oracle's operations are geographically diversified, and its clients tend to be midsize and large enterprises from many industries and countries. Its product roadmap focuses on expanding business process integration, improving analytics and enhancing the persona-based user experience.

Oracle did not fully respond to requests for supplemental information for this Magic Quadrant. Oracle provided a high-level product briefing, but did not respond to the vendor questionnaire or provide recorded demos. Gartner's analysis is therefore based on other credible sources, including past product demos and Gartner client inquiry calls.

Strengths

- **Ability to execute globally:** Oracle has cloud data centers, a wide range of implementation partners and a customer service presence in all major regions of the world. It is well-suited to large enterprises and those needing multiregional implementations and multicurrency and multilanguage support.
- **Native procurement and sales integration:** The same Oracle Procurement Contracts Cloud solution is embedded in both the Oracle Fusion Cloud Procurement and Oracle Sales solution sets, which helps provide a broad range of contract type support. The CLM solution can be, and has been, deployed on a stand-alone basis as well.
- **Strong momentum:** Over the past few years, adoption of Oracle's Fusion Cloud ERP and the Oracle Fusion Cloud Procurement product has grown significantly. The CLM product is more streamlined and easier to implement than the contracting module in Oracle E-Business Suite.

Cautions

- **Collaboration:** Oracle is adding Microsoft Teams and Slack integration, but has yet to complete this work.
- **Difficulty of stand-alone deployment:** Although Oracle's solution can be deployed separately from the broader cloud ERP suite, it is not always practical to do so, given its dependencies on other modules. This can make the implementation cost higher than for a typical stand-alone CLM solution.
- **Automated contract review:** Oracle typically relies on partners for automated contract review and analysis. Its native contract digitization, optical character recognition and metadata extraction capabilities remain immature.

SAP Ariba

SAP Ariba is a Niche Player in this Magic Quadrant. It has over 1,400 CLM customers, which primarily use its software for buy-side contracting. In addition to CLM, SAP Ariba offers solutions that span the entire source-to-pay process. SAP Ariba's operations are globally distributed. Its clients tend to be midsize and large enterprises from many industries and countries. SAP's overall product direction focuses on introducing a single integrated platform, incorporating Ariba, Fieldglass and S/4HANA, to support all spending, which will be brought to market as SAP Procurement solutions.

SAP Ariba did not respond to requests for supplemental information for this Magic Quadrant. Gartner's analysis is therefore based on other credible sources, including past product demos and Gartner client inquiry calls.

Strengths

- **Vision for industry-specific add-ons:** SAP Ariba offers built-in capabilities that address the specific requirements of certain industries. Examples include specific capabilities for direct materials procurement and an add-on for the retail and CPG sectors.
- **Global breadth:** SAP Ariba has comprehensive language coverage to meet support requirements across 80% of the world's countries. Local language support is available in 24 languages, in multiple time zones.
- **Brand awareness:** SAP Ariba's offering is the most common procurement-specific CLM solution that Gartner clients ask about. They are keen to understand how it compares with stand-alone, specialized solutions.

Cautions

- **Ability to Execute:** During Gartner client inquiry calls, SAP Ariba CLM customers consistently report difficulties increasing adoption of the solution. Although the tool supports the full contract

life cycle, many customers use it only as a repository — they conduct authoring outside the solution. Customers have also expressed frustration about the time it takes for SAP Ariba to address their reports of bugs and requests for enhancements.

- **Market responsiveness:** SAP Ariba has not kept pace with the competition in the CLM market when it comes to responding to COVID-19-related challenges with new CLM features. For example, many other CLM vendors have introduced new contract collaboration features to help their clients cope with work-from-home situations.
- **Stability:** Multiple changes in leadership have occurred at SAP in the past two years. Such changes commonly cause concern and uncertainty in the market. They are something that prospective customers should be aware of.

SirionLabs

SirionLabs is a Visionary in this Magic Quadrant. It has approximately 200 CLM customers. Its Sirion solution (version 2.25) is used for all types of contracts. Its primary end users include lawyers, procurement managers, and risk and compliance managers. SirionLabs' operations are mainly located in the U.S., the U.K. and India. The majority of its customers are large organizations. Its top-three industries are financial services, telecommunications and consumer goods. SirionLabs has historically taken the lead in all its implementations. However, it is building up its implementation certification program with partners like Accenture, Fujitsu and KPMG. Its roadmap includes a new procurement category management solution and additional collaboration features.

Strengths

- **Support for contract risk mitigation:** During contract creation, SirionLabs' software automatically highlights areas of risk, noncompliance and financial impact. It also supports autoextraction of key obligations and service levels from contracts, not just clauses, which assists the review and risk management of legacy contracts.
- **R&D investments:** SirionLabs has received significant private equity funding in the past two years and used that to help scale up its development, quality assurance and test automation abilities. Relative to its size, SirionLabs has also added a very high number of R&D staff (including data scientists) to continue expanding its solution quickly.
- **Focus on customer success:** SirionLabs closely tracks its customers' CLM "health" with a set of sophisticated monitoring tools. It has a solid process for identifying potential challenges and reaching out to help customers — as opposed to just reacting to their bug reports and enhancement requests. SirionLabs provided Gartner with quantifiable proof points and case studies that show strong ROI for customers.

Cautions

- **Implementation cost and timelines:** SirionLabs' average implementation cost and time have historically been higher and longer than those of most of its competitors. This is partly because most of its customers have opted for a highly configured solution, as opposed to simply using the out-of-the-box settings. However, in the past 12 months, more customers have deployed the solution out of the box, which has begun to reduce the average implementation time.
- **Mobile support:** SirionLabs lacks a dedicated mobile app. Functionality can be accessed from mobile devices only via a web browser.
- **Global reach:** Although SirionLabs' application has been deployed using several non-English languages, support is provided in English only. SirionLabs sells directly in North America and Northern Europe, but typically relies on partners and resellers in the rest of the world. It has fewer customers than the Leaders in countries and regions such as France, Germany, Austria, Switzerland, the Middle East and Africa. It has no customers in Latin America.

Symfact

Symfact is a Niche Player in this Magic Quadrant. It has approximately 175 Symfact Contract and Compliance Suite customers. Its solution is used for all types of contracts. Legal and compliance teams are its main end users. Its operations are primarily located in Switzerland. Its customer base is evenly split between small, midsize and large clients. Its top three industries are manufacturing, technology and pharmaceuticals/life sciences. Symfact conducts all implementations itself — it reports no implementation partners. Its product roadmap includes the ability to integrate with third-party BI solutions, and enhanced support for business rules within process workflows.

Strengths

- **Legal and compliance support:** In addition to CLM, Symfact has solutions that address enterprise legal management, intellectual property management, license management, legal entity management, and governance, risk and compliance. Additionally, Symfact is open to deploying its CLM solution on-premises, which is increasingly uncommon in the CLM space but sometimes required by organizations where risk management and compliance are paramount.
- **Security:** Symfact's CLM solution is Veracode-verified at the highest level (VL5). It offers visibility into application security status across all testing types, including static application security testing (SAST), dynamic application security testing (DAST), software composition analysis (SCA) and manual penetration testing. Symfact also supports access and authentication via application login forms, Microsoft Active Directory and Active Directory Federation Services (ADFS), single sign-on, SAML and two-factor authentication.
- **Ability to meet requirements of European clients:** Symfact's clients are primarily located in Europe, a region where Symfact has strong customer retention levels. It has strong support for the General

Data Protection Regulation (GDPR) through customer-specific configurations. Its Switzerland-based support center offers support in English, French, German and Italian.

Cautions

- **Innovation and market responsiveness:** Compared with the Visionaries and Leaders, Symfact takes a highly pragmatic approach to its roadmap. Symfact did not report any specific enhancements to its CLM solution that would help clients cope with changing business requirements as a result of COVID-19. It also secured far fewer new CLM customers in 2020 than the other vendors in this Magic Quadrant.
- **User interface:** Although its solution recently received a series of UI enhancements, Symfact was late to introduce them, and it issues only one major release per year. Currently, over half of Symfact's customers are still on the old version of its tool.
- **Integration with procurement applications:** Symfact does not have prepackaged integrations with any sourcing or procurement application vendors. Its solution is very much focused on legal and compliance stakeholders, rather than procurement or sales teams.

Synertrade

Synertrade is a Niche Player in this Magic Quadrant. It has approximately 200 customers, which use its CLM solution primarily for buy-side contracts. Synertrade offers solutions that span the entire source-to-pay process. Its operations are mainly located in Germany and France. Its clients are large enterprises, mostly headquartered in EMEA. It has a high concentration of clients in the retail, automotive and CPG sectors. Synertrade typically takes the lead in its implementations. Its top three implementation partners are EY, Deloitte and Capgemini. Its roadmap focuses on automation, multidevice suitability and extending the scope of its solution through integration with ecosystem partners.

Synertrade did not fully respond to requests for supplemental information for this Magic Quadrant. Gartner's analysis is therefore based on other credible sources, including past product demos and Gartner client inquiry calls.

Strengths

- **Procurement support:** Synertrade's biggest strength is its ability to provide an integrated solution comprising modules for CLM, spend analysis, sourcing and supplier management. Most of its clients use it for two or more of these modules, which they deploy together in order to manage both direct and indirect spend.
- **Pricing:** Synertrade's customers have shared positive feedback about its pricing and contracting flexibility and its unlimited user licensing model. Its customers often identify lower overall cost as a key reason for choosing its solution.

- **ERP integration:** Synertrade offers a wide range of prepackaged interfaces to Oracle, SAP and Workday. This is especially useful if Synertrade's P2P solution is deployed in addition to its CLM solution.

Cautions

- **Product management:** Synertrade customers have expressed concerns about the timeliness of the vendor's delivery of product development, and about the speed and completeness of its responses to product questions.
- **Viability:** According to Gartner's research, Synertrade's parent company, Econocom, has suffered a significant drop in trailing 12 months' revenue growth and has a consistently low profit margin.
- **Geographic strategy and brand recognition:** The vast majority of Synertrade's clients are located in Europe. Its brand recognition and customer base elsewhere are limited. It spends a relatively low percentage of its revenue on marketing initiatives, which perpetuates these shortcomings and hampers its Ability to Execute on a global basis.

Zycus

Zycus is a Visionary in this Magic Quadrant. It offers a homegrown suite of solutions spanning the entire source-to-pay process, including spend analysis, sourcing, supplier management and P2P. It has approximately 200 customers for its iContract product (version: Mercury), which is primarily used by sourcing and procurement teams. Zycus' operations are geographically diversified. Its clients tend to be large North America-based enterprises in varied industries, as it takes a horizontal-market approach. Its product roadmap includes plans to develop a native digital solution, built-in templates for industry-specific contract types and specialized bots for targeted AI use cases.

Strengths

- **Prioritization of customer enhancement requests:** Zycus has a strong customer engagement model for receiving and supporting product roadmap suggestions. It also has a formal process for proactively monitoring customer success metrics to ensure value beyond the go-live and for recommending solutions when an issue is identified.
- **AI solutions:** Zycus has many advanced AI capabilities and purpose-built bots to monitor and mitigate contract risks. These bots help Zycus' clients identify and assess contract risks, extract and apply metadata tags, identify force majeure, and maximize rebates.
- **Analytics and reporting:** Zycus has extensive analytics capabilities to provide customers with business insights across its integrated source-to-pay suite. This has helped Zycus respond quickly to market needs. For example, at an early stage in the COVID-19 pandemic, it took Zycus less than two weeks to develop and release analytics to find and analyze existing force majeure clauses.

Cautions

- **Quality concerns:** In the past year, Zycus rolled out a completely new UI. Clients initially reported challenges in terms of inconsistent change management and communication. But they have since received four additional releases, which have gone more smoothly because of a fully automated testing process.
- **Implementation complexity:** Zycus' configuration and setup process can be highly complex and time-consuming. Customers have identified as particularly challenging the tasks involved in setting up workflow rules and the scanning and metadata tagging of legacy contracts.
- **Sell-side support:** Zycus' support for sales and legal users is limited. Its Salesforce CRM integration is new and unproven. Its ability to track and manage obligations centrally is also fairly limited.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

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Added

The following vendors, which did not qualify for the previous edition of this Magic Quadrant, met the present edition's requirements for at least 150 CLM clients in production as of 1 October 2019 and more than \$10 million in 2019 CLM software-only revenue:

- ContractPodAi
- Ivalua
- Oracle
- Symfact
- Synertrade

Dropped

- Coupa: This vendor did not meet the minimum inclusion requirement of at least 150 CLM clients in production as of 1 October 2019.

Inclusion and Exclusion Criteria

To qualify for inclusion in this Magic Quadrant, a vendor had to have all of the following:

- At least 150 CLM clients in production as of 1 October 2019. More specifically, the requirement was to have a minimum of 150 clients live on a *single* CLM solution. If a vendor sold multiple CLM solutions that met the requirements, it was to answer separately for each. CLM customer counts were not to be combined across products. Additionally,
- At least 15% of current customers had to have annual revenue of \$1 billion or greater.
- At least 25% of current customers had to pay more than \$50,000 per year for the software subscription fee.
- More than \$10 million in 2019 CLM *software-only* revenue (excluding professional services revenue). CLM software revenue included the combination of software license and SaaS subscription revenue for the calendar year 2019. For multiyear SaaS contracts, only the contract value for the first 12 months was used for this calculation.
- Its CLM product available for purchase on a stand-alone basis, separately from other applications.
- CLM customers that could use the product to manage all types of contracts — for example, both supplier contracts and customer contracts.
- CLM customers that could use the product to manage all phases of the contract life cycle. At minimum, therefore, the product should include support for authoring, redlining, approval workflows, e-signature and native reporting for ongoing compliance monitoring.

Evaluation Criteria

Gartner appraises a vendor's Ability to Execute by evaluating its products, services, viability and overall customer experience. Ultimately, a vendor's Ability to Execute is judged by its ability to keep its promises and its success in doing so.

To reflect this, the Magic Quadrant assigns "high" weightings to the product or service and customer experience criteria.

The criteria for overall viability, sales execution/pricing and operations each have a “medium” weighting. This reflects the need for vendors to ensure they have sufficient funding and growth to continue to develop, and to improve and support, products.

The market responsiveness/record and marketing execution criteria have “low” weightings. Although it is important for vendors to remain competitive, marketing effectiveness has less of an impact on their Ability to Execute than the other criteria.

Ability to Execute

Table 1: Ability to Execute Evaluation Criteria

<i>Evaluation Criteria</i> ↓	<i>Weighting</i> ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Low
Marketing Execution	Low
Customer Experience	High
Operations	Medium

Source: Gartner (May 2021)

Completeness of Vision

Gartner also evaluates vendors’ ability to grasp current and future market and technology trends, customer needs and competitive forces — their Completeness of Vision. Ultimately, vendors are assessed on their understanding of how market forces can be exploited to create opportunities for growth. This is the more qualitative assessment, based on Gartner’s interactions with end users and consequent understanding of the market.

As the CLM market matures, market understanding and innovation are becoming more important for vendors to continue to deliver value to customers. Hence, these two criteria have “high” weightings.

The offering (product) strategy and geographic strategy criteria each have a “medium” weighting. Product strategy and geographic strategy are important if a vendor is to serve a global market and provide individual clients with the right mix of in-house capabilities and partners.

The marketing strategy, sales strategy, business model and vertical/industry strategy criteria all have “low” weightings. Although marketing strategy and sales strategy are an important aspect of a vendor’s overall vision, Gartner believes that proven innovation is a better indicator of vision. In terms of business model, most CLM vendors take a similar approach, which is why this criterion is rated low.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	Low
Sales Strategy	Low
Offering (Product) Strategy	Medium
Business Model	Low
Vertical/Industry Strategy	Low
Innovation	High
Geographic Strategy	Medium

Source: Gartner (May 2021)

Quadrant Descriptions

Leaders

Leaders are in the strongest position to influence the market’s growth and direction. They demonstrate a market-defining vision for how CLM technology can help companies achieve the business objectives of managing compliance and reducing process bottlenecks. Leaders can

execute against that vision through products and services, and have demonstrated business results in the form of revenue and earnings. They excel in their combination of market understanding, innovation, product features and functions, and overall viability.

While maintaining a well-established base of long-term customers, Leaders show a consistent ability to win new deals with successful implementations. They have customers in the largest number of geographic regions, and cover a wide variety of industries and sizes of organization.

Leaders are often the vendors that other providers measure themselves against.

Challengers

Challengers have established presence, credibility and viability, and have demonstrated the ability to meet customers' expectations in terms of functionality and customer experience. Challengers may have a good vision for technology, but may not have fully won over business stakeholders and IT executives.

Challengers are well-placed to succeed in this market. However, they may not demonstrate thought leadership or innovation to the same degree as Leaders. They may be a good choice for organizations that value execution over vision and leading-edge functionality.

Visionaries

Visionaries are ahead of most competitors in terms of delivering innovative products and/or delivery models. They are sometimes smaller vendors or newer entrants that embody trends that are shaping, or will shape, the CLM market. Visionaries have a strong vision and roadmap, which brings innovation and strong functionality to their platforms.

Visionaries may be a good choice for organizations that want an opportunity to skip a generation of technology. They may offer a competitive advantage or a chance to influence their product roadmap. They might be acquired or face a challenge to increase their market share. However, as these vendors mature and prove their Ability to Execute, they may become Leaders.

Niche Players

Niche Players may offer compelling CLM solutions, but they often lack cross-industry adoption, some functional components and consistent implementation track records.

Niche Players can often offer the best solutions to meet the needs of particular organizations, considering the price-to-value ratio of their solutions. These vendors may win deals in specific regions or industries. However, they are not consistently winning new business across multiple regions or industries at the same pace as vendors in the other quadrants.

Some Niche Players demonstrate a degree of vision that suggests they might become Visionaries, but they may struggle to make this vision compelling. They may also struggle to develop a track

record of continual innovation. Other Niche Players may have the opportunity to become Challengers, if they continue to develop products with a view to improving their overall execution.

Context

The CLM market is large, with more than 200 vendors. Merger and acquisition activity is increasing as vendors seek to add CLM capabilities to their cloud-delivered suites of services in order to meet the growing aspirations of organizations. The increased scope of solutions, plus the increased adoption this enables, will boost the CLM market.

Application leaders responsible for contract management initiatives should:

- Develop a multifunctional team to agree on the desired functionality, workflows and system integrations when looking for a CLM solution. This approach increases the likelihood of a successful vendor selection and an implementation with a high level of user adoption. A comprehensive CLM system can address different process steps, such as capturing data, authoring text and tracking changes, as well as negotiating, approving, signing and analyzing contract content.
- Recognize that adopting CLM does not demand an all-or-nothing approach. CLM can be adopted at a departmental level (for procurement or sales, for example) as an organization matures its processes. Satisfying an organization's needs does not even necessarily require a single CLM system, although this is the trend for most companies as they mature. The most progressive approach to CLM is to adopt it as part of an enterprisewide strategy that considers the interdependencies among contracts, business processes, and operational and financial results, and that indicates a high level of maturity.
- Pay close attention to CLM vendors' growth and financial viability when selecting or renewing contracts. There are a large number of vendors in this space, and market consolidation is escalating. Talk to Gartner if a CLM solution you are using or considering is being acquired by another vendor.
- Evaluate CLM solutions from strategic sourcing application suite vendors when seeking a solution purely for buy-side (supplier) contract management. Also consider these vendors if integration with e-sourcing, supplier base management and/or P2P tools is a priority.
- Evaluate CLM solutions that integrate with CRM or CPQ suites when seeking a CLM solution purely for sell-side (customer) contract management.
- Evaluate CLM solutions that integrate with enterprise legal management suites when a solution for the legal department is a priority.

Market Overview

CLM appeals to companies of all sizes in all industries. Implementing it can lead to significant improvements in revenue management, cost savings and efficiency. Understanding and automating CLM can also limit an organization's liability and increase its compliance with legal requirements.

Organizations without CLM struggle to manage their contracts effectively. The risks associated with poor contract management include overlooked penalties, lost revenue, damaged brands and lost savings. Even poor contract administration can lead to lost contracts, unexpected renewals and expirations, and hidden clauses that leave a company open to liabilities. It is common for business stakeholders to spend significant time determining which terms and pricing arrangements are current, when no CLM solution is in place.

There are many benefits to mature enterprise CLM processes. Common benefits include increased governance over what is signed, when and by whom, and the protection of knowing that the correct contract terms are live. Such processes also provide deeper insights across all contractual agreements by analyzing content, conditions and risk.

Evidence

Information used to create the inclusion criteria, market definition and vendor evaluations in this Magic Quadrant came from many sources, including:

- The authors' interactions with thousands of end-user clients regarding their CLM initiatives.
- Verified customer feedback posted on Gartner's Peer Insights platform in 2020.
- A series of briefings with and demonstrations by the vendors included in this Magic Quadrant.
- Analysis of survey responses completed by the participating vendors.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the

overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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