

FORRESTER®

# The Total Economic Impact™ Of Ironclad

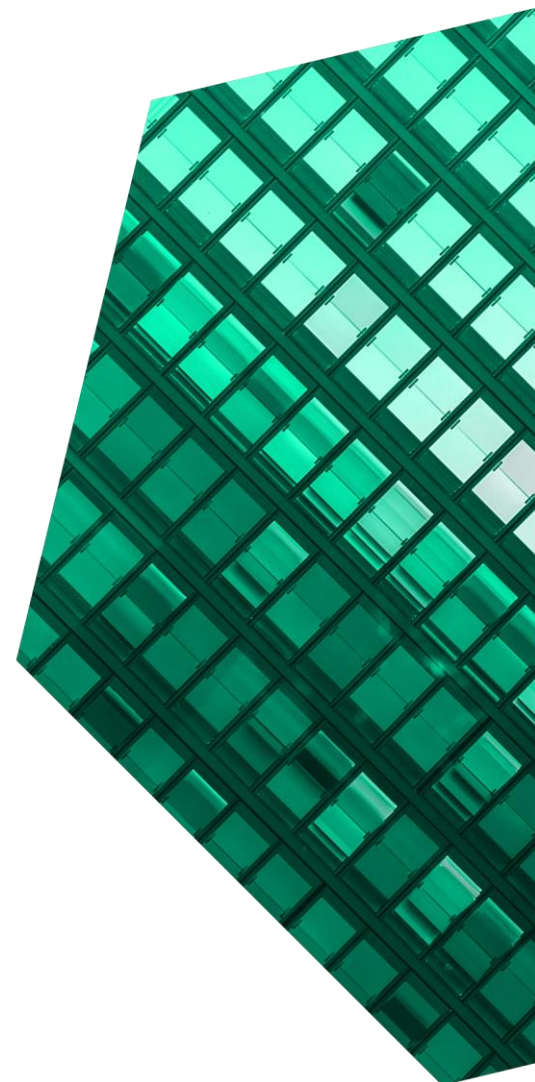
Cost Savings And Business Benefits  
Enabled By Ironclad

**MAY 2023**

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## ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester’s seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit [forrester.com/consulting](https://forrester.com/consulting).

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## Executive Summary

Contracts are the core of how businesses manage relationships and structure work to get done. As risk events and business disruptions rise, enterprises and mid-size companies require a contract lifecycle management solution to drive contract-management efficiency and support business growth.<sup>1</sup> A CLM helps reduce risk, accelerate revenue cycles, control spend, improve supplier relationships and performance, and increase overall business resilience.

[Ironclad](#) is a contract lifecycle management (CLM) platform that helps business and legal teams make and manage digital business contracts.

Ironclad commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by implementing Ironclad.<sup>2</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Ironclad on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five representatives with experience using Ironclad. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) that is a global enterprise that generates more than \$1.5 billion in annual revenue and provides services to both B2B and B2C customers.

Increase in contracting efficiency by up to

**65%**



### KEY STATISTICS



Return on investment (ROI)

**314%**



Net present value (NPV)

**\$3.68M**

The interviewees noted that prior to using Ironclad, their organizations lacked a single solution to standardize the end-to-end contract lifecycle. They noted how their organizations struggled with common challenges, including disjointed and manual contracting processes, insufficient collaboration across stakeholders, limited contract visibility, and missed opportunities for cost savings and revenue generation.

After the investment in Ironclad, the interviewees' organizations consolidated their contracting process and contract management into Ironclad. Key results from the investment included an increase in overall contracting efficiency and improved legal efficiency that resulted in cost savings, profit-margin expansion, and business growth from adopting Ironclad's clickwrap product for online click-to-accept agreements.

## KEY FINDINGS

**Quantified benefits.** Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Operational efficiency lift from a 65% improvement in end-to-end contract efficiency.** With Ironclad, the composite organization streamlines the end-to-end contracting process across drafting, negotiating, amending, implementing, and renewing contracts. With Ironclad, the composite centralizes its contract management, which expedites creation, reviews, and approvals. Workflow automation helps eliminate manual tasks such as sending contract drafts for review, approval, and tracking changes. Ironclad also provides contract-process metrics, data insights, and advanced analytics, which further optimizes the composite's contract-management process. The contracting process efficiencies result in \$1.2 million labor cost savings over three years for the composite organization.
- **60% operational efficiency lift for legal and reduced outside legal spending.** Ironclad enables the composite organization to transform its business-contracting process by driving greater compliance, collaboration, and efficiency for legal teams, business stakeholders, and their counterparties. Ironclad helps the composite's legal teams scale to meet growing contract management needs without increasing headcount, and this frees up legal time to focus on more strategic tasks, reduces spending on outside counsel, and builds trust with business stakeholders to rely on legal to meet growing contracting needs. Increased legal efficiency results in \$1.2 million dollars of cost savings for the composite organization over three years.
- **25 basis-point profit-margin expansion.** The composite organization increases its top-line revenue with Ironclad. Sales stakeholders reduce

the time it takes to create, review, and approve contracts, which helps their organization streamline its sell-side contracting process to close deals faster and accelerate revenue recognition. Ironclad AI delivers better contract visibility and control to the composite to help it negotiate favorable terms. Improving end-to-end contract management drives \$1.1 million in profit expansion for the composite organization over three years.

- **Increased revenue from a 3% conversion rate due to Ironclad Clickwrap.** Ironclad Clickwrap is an integral part of the composite organization's contract-management and digital transformation initiatives. With Ironclad Clickwrap, the composite organization creates an end-to-end, digitally enabled clickwrap agreement process that has less friction and is scalable to meet growing business demands. This drives \$1.3 million of profit to the composite over three years.

**Unquantified benefits.** Benefits that provide value for the composite organization but are not quantified in this study include:

- Technology cost savings.
- Implementation ease and time to value.
- Reduced risk or policy violations and errors.
- Ease of use and high user adoption.
- Improved insights, analytics, and reporting.
- Increased sales velocity and improved customer experience and supplier relationships.
- Cost avoidance from more favorable buy-side contracting terms.
- Strong vendor support and partnership.

**Flexibility.** There are multiple scenarios in which the composite might implement Ironclad and later realize additional uses and business opportunities, including:

- Further efficiencies with AI features.

- Increased business agility and expansion into new markets.
- Enabling new business opportunities and strategies.

**Costs.** Three-year, risk-adjusted PV costs for the composite organization include:

- **Licensing costs of \$709,000 over three years.** Licensing costs was the composite organization's most important investment consideration. Ironclad determines the composite's licensing costs based on its number of contract administrators, standard users, and requestors.
- **Implementation, training, and ongoing costs of \$465,000 over three years.** The composite organization incurs costs for implementation professional services and labor, training, and ongoing system maintenance.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$4.86 million over three years versus costs of \$1.17 million, adding up to a net present value (NPV) of \$3.68 million and an ROI of 314%.



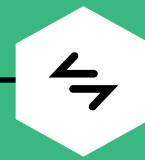
ROI  
**314%**



BENEFITS PV  
**\$4.86M**

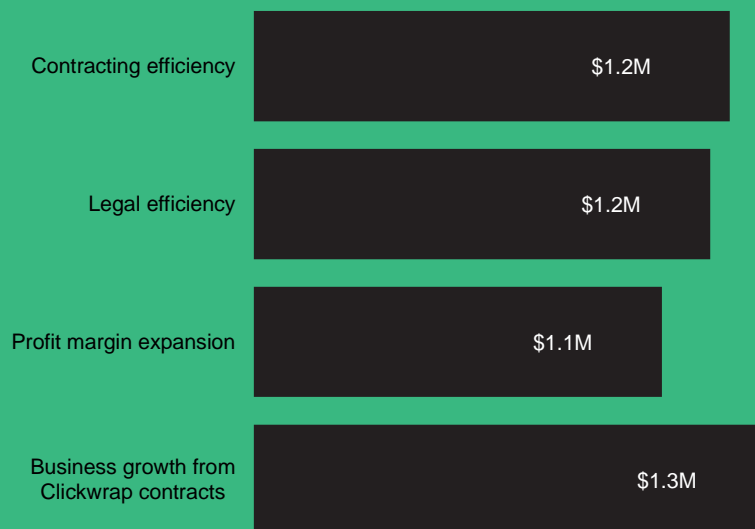


NPV  
**\$3.68M**



PAYBACK  
**<6  
months**

### Benefits (Three-Year)



**“We increased our workload by about 40%, managed increased complexity, improved [customer profitability], and improved confidence.”**

— VP of contract strategy, customer service

## TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Ironclad.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Ironclad can have on an organization.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Ironclad and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Ironclad.

Ironclad reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Ironclad provided the customer names for the interviews but did not participate in the interviews.



### DUE DILIGENCE

Interviewed Ironclad stakeholders and Forrester analysts to gather data relative to Ironclad.



### INTERVIEWS

Interviewed five representatives at organizations using Ironclad to obtain data with respect to costs, benefits, and risks.



### COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



### FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.



### CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

# The Ironclad Customer Journey

## Drivers leading to the Ironclad investment

Interviews					
Role	Industry	Region	Revenue	Use case	Contract volume
Head of global legal operations	Travel	Global (US headquarters)	\$10B+	Procurement	~700
Commercial operations program manager	E-commerce	US	\$5B+	Clickwrap	NA
SVP of product development	Real estate	US	\$1.5B	Clickwrap	NA
Head of legal operations	Technology	US	NA	Procurement	~600
VP of contract strategy	Customer service	Global (Canada headquarters)	\$300M+	Sales	~450

### KEY CHALLENGES

Before using Ironclad, interviewees' organizations lacked a single solution to manage the end-to-end contracting lifecycle. They managed contracts through manual processes and with multiple repositories, in-house built tools, or with another legacy contract lifecycle management (CLM). The interviewees noted how their organizations struggled with common challenges, including:

- **Disjointed, time-consuming, and manual processes.** Before using Ironclad, interviewees' organizations relied on manual processes and siloed technology to manage their contracts. These processes were time-consuming and labor-intensive, which limited contract-management efficiency and business velocity. The head of legal operations at a technology organization said: "Our process was so disjointed, time-consuming, and manual because we were wedded to this legacy system. Once the draft was ready, the back-and-forth negotiating with the counterparty would all happen through email with zero contract-status visibility for the requestor. ... We had about four or five different modes or interfaces to get one contract signed from end to end."
- **Inefficient collaboration and communication.** The organizations' legacy contracting processes failed to give contract stakeholders the tools to collaborate seamlessly, particularly around contract negotiation and approvals. This led to delays in contract execution, noncompliant processes, and worse contracting outcomes.
- **Lack of visibility and control, which increased the risk of noncompliance and legal disputes.** Interviewees' organizations lacked visibility into their contract statuses and suffered from little to no tracking of obligations. Legal teams struggled to enforce guardrails. Contracts required a high amount of back-and-forth communication and redlining. The head of global legal operations at a travel organization told Forrester: "[Before using Ironclad,] we had a homegrown repository with some custom in-house development. All contracting was manual, with people constantly bringing up boilerplates or templates from [shared] sites or from the last contract they did last week or last year. It was pretty much the Wild West when it came to any attempted version control."



- **Missed opportunities for cost savings and revenue generation.** Before using Ironclad, interviewees' organizations had no consistent and reliable way to flag, analyze, and report on contracting value from auto-renewals to unfavorable terms. This led to missed opportunities to terminate or renegotiate with vendors to improve contract terms, increase revenue, and drive profitability.
- **Reliance on intuition and siloed knowledge rather than institutional knowledge.** The organizations relied on the knowledge of individual contract administrators, and that created disruptions when those administrators churned and required lengthy onboarding for new administrators. The VP of contract strategy at a customer service organization said: "We were reliant on intuition more than process or logic. It would take six to nine months to begin to have that intuition with my coordinator team, so that was a bottleneck. Then you'd have a leader like [me] who constantly had to look at every document in order to make sure that logic was flowing accordingly."
- **Limited business velocity.** Prior contracting processes were incapable of satisfying growing business demands. The commercial operations program manager of an e-commerce organization stated: "[Before using Clickwrap,] there were tons of pain points trying to sign thousands of merchants a month with [our legacy] process. Trying to find contracts, making sure both parties signed, and ensuring we were using the right contract template were very difficult to do. It was just in general a very manual process."

## INVESTMENT CRITERIA

The interviewees' organizations searched for a solution that could:

- Automate and streamline contract creation and management.
- Empower legal operations to have full control and ownership.
- Enable contract management stakeholder adoption and ease of use with a strong user experience.
- Improve business-user experience and counterparty experience.
- Improve risk and compliance.
- Reduce spending on legacy solutions.

**"I felt like [Ironclad] had advanced to the point where [it was] really exceeding the market in certain areas like the ease of use, user interface, and ease of implementation."**

*Head of legal operations,  
technology*

## VOICE OF THE CUSTOMER

- “Once a contract is fully executed, it’s automatically filed in the repository so it’s available for anyone with a need to access it and appropriate permission to do so. They can find it through full-text searching [and] through a variety of different sorting and filtering. If necessary, they can view it, they can email it, they [can] run some reports or analytics, [and they can] get the metadata about it. That was all either nearly impossible or very difficult to do beforehand.”  
– *Head of global legal operations, travel*
- “When we evaluated the different tools, Ironclad met all of our goals and then had a really compelling sell-side integration use case with some of the tools that we use today.”  
– *VP of contract strategy, customer service*
- “It was important to our legal and legal operations teams to have control and ownership over the CLM platform. That was a key differentiator of Ironclad that appealed to me who’s making the decision along with other people involved, like our commercial legal team. We did not want to be in a situation where we had to be reliant on a business system or an IT team.”  
– *Head of legal operations, technology*
- “[My organization selected] Ironclad ... as the best of the three finalists, including the incumbent option, because of its ability to meet business requirements and provide a better user interface. That was one of the biggest challenges we saw: Systems tended to be very procurement-centric and weren’t friendly for lawyers or vice versa. Or they didn’t offer sales-oriented functions like Salesforce integration.”  
– *Head of global legal operations, travel*

## COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

**Description of composite.** The composite is a global enterprise that provides services to both B2B and B2C customers. The composite generates more than \$1.5 billion in annual revenue, which is split between \$1.35 billion in its B2B solutions and \$150 million in its B2C line of business. The average order value for its B2C solutions is \$300. Before using Ironclad, the composite had no solution for end-to-end contract lifecycle management.

**Deployment characteristics.** The composite organization implements Ironclad over six months to support both sales and procurement processes with end-to-end contracting workflows. The composite processes 900 contracts in Year 1 and increases its contract volume by 15% in years 2 and 3 due to increasing business demands. The composite also utilizes Ironclad Clickwrap for its B2C line of business to provide a streamlined clickwrap agreement experience for its terms of service.

### Key Assumptions

- **\$1.5B in annual revenue across B2B and B2C business lines**
- **Processes 900 sales and procurement contracts in Year 1**

# Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Contracting efficiency	\$437,400	\$503,010	\$578,340	\$1,518,750	\$1,247,863
Btr	Legal efficiency	\$439,101	\$482,702	\$530,572	\$1,452,375	\$1,196,737
Ctr	Profit margin expansion	\$430,313	\$430,313	\$430,313	\$1,290,938	\$1,070,123
Dtr	Business growth from Clickwrap contracts	\$540,000	\$540,000	\$540,000	\$1,620,000	\$1,342,900
	Total benefits (risk-adjusted)	\$1,846,814	\$1,956,025	\$2,079,224	\$5,882,063	\$4,857,623

## CONTRACTING EFFICIENCY

**Evidence and data.** Interviewees told Forrester that Ironclad helped their organizations streamline the end-to-end contracting process across drafting, negotiating, amending, implementing, and renewing contracts. They also said it helped their organizations standardize and centralize their approaches to contract management, expediting creation, and conducting reviews and approvals. The organizations leveraged workflow automation to eliminate manual tasks such as sending out contract drafts for review and approval and tracking changes. Ironclad also provided contract-process metrics, data insights, and analytics, which helped the organizations further optimize their contract processes. Interviewees said Ironclad improved their organizations' contracting efficiency in the following ways:

- **Increased contract throughput.** Interviewees said their organizations improved operational efficiency when creating and managing contracts, and that this allowed them to handle greater contract volume and increased complexity. The head of legal operations at a technology organization said: "We've done about 25% more deals in Ironclad in less than a year compared to the equivalent in the legacy tool the previous

year. We're processing more volume and ... our team growth has been negative. We're doing a lot more — 25% more — with less."

- **Improved end-to-end contracting velocity.** The VP of contract strategy at a customer service organization said their firm reduced its average contract creation time from 2.5 days to 2 hours while also decreasing the percentage of contracts voided from 5% to 0%. The interviewee said: "Our turnaround time has gone from being 12 to 20 business days in our court on average to [being] eight to 10. We've significantly reduced the time contracts spend on our side before we send it back to our client."

The head of global legal operations at a travel organization stated, "We've seen sourcing contracts go from, on average, 26 days down to eight days [from] start to finish."

- **Less administration and better collaboration.** Interviewee said that by increasing visibility into the contracting process, contract stakeholders could track the status of contracts, minimize time-consuming back-and-forth communication, maintain version control, and identify blockers in the contract lifecycle. As a result, cross-functional

collaboration and efficiency improved. The head of legal operations at a technology organization told Forrester: “[Ironclad] brought the temperature down. And when the temperature is down, then people can work more and collaborate more closely together. We all realize we [have] a common goal. It’s not an ‘us versus them’ mentality.”

**Modeling and assumptions.** In modeling for the composite organization, Forrester assumes:

- The composite organization processes 900 contracts in Year 1, and it increases this volume by 15% annually.
- Each contract requires an average of 23 cumulative labor hours to create, manage, and maintain contracts across the composite’s operation administrators and business users.
- The blended average fully burdened rate of an operations administrator or a business user is \$94,500 annually or \$45 hourly. This includes a burdened rate multiplier of 1.35 times.
- Operations administrators and business users recapture 80% of time savings into other productive tasks.

**Risks.** The expected financial impact is subject to risks and variation based on several factors, including:

- Variance in contract types, volume, and workflows.
- Employee salaries and expertise.
- Levels of user adoption and training.
- Levels of integration with other systems and processes and data quality.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.2 million.

**“There’s no way we would be able to do the [number] of deals that we did with Ironclad in 2022 ... if we had been essentially stuck with our old tool. The cycle times would have been too long.”**

*Head of legal operations,  
technology*

Contracting Efficiency					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Total number of contracts managed in CLM	Composite	900	1,035	1,190
A2	Average time to draft, negotiate, amend, implement, and renew contracts for operation administrators and business users before using Ironclad (hours)	Composite	23	23	23
A3	Improvement in contracting efficiency with Ironclad	Interviews	65%	65%	65%
A4	Average time to draft, negotiate, amend, implement, and renew contracts with Ironclad (hours)	A2*A3	8	8	8
A5	Cumulative time savings per contract with Ironclad (hours)	A2-A4	15	15	15
A6	Average fully burdened hourly rate of an operations administrator or business user	Composite	\$45	\$45	\$45
A7	Productivity recapture	Composite	80%	80%	80%
At	Contracting efficiency	A1*A5*A6*A7	\$486,000	\$558,900	\$642,600
	Risk adjustment	↓10%			
Atr	Contracting efficiency (risk-adjusted)		\$437,400	\$503,010	\$578,340
<b>Three-year total: \$1,518,750</b>			<b>Three-year present value: \$1,247,863</b>		

## LEGAL EFFICIENCY

**Evidence and data.** Interviewees told Forrester that Ironclad transformed their organizations’ legal and legal-operations contract management, and that this drove greater compliance, collaboration, and efficiency. Ironclad helped the organizations’ legal teams scale to meet growing contract-management needs without increasing headcount. Interviewees reported legal time being freed up to focus on more strategic tasks, and one interviewee said their organization no longer requires outside legal counsel.

- **Improved legal productivity.** Improving their legal teams’ productivity impacted the organizations’ operational efficiency and ability to deal with increasing demands. The head of global legal operations at a travel organization said their firm cut between 30 and 40 weekly hours of outside legal spend at a rate of \$200 an

hour after implementing Ironclad. The interviewee said: “We’ve seen a huge productivity boost with the legal team that supports that large procurement organization. The team is only four people. We’ve freed up the equivalent of half a lawyer and half a paralegal — half of a four-person team — just due to the technology. [It] has been amazing.”

The VP of contract strategy at a customer service organization stated, “Without adding more headcount, the legal team was able to look at 30% more work with the same number of hours that they had in 2020 and 2021 versus [in] 2022.”

The commercial operations program manager at an e-commerce organization said their firm saved 2.5 FTEs on managing, maintaining, and creating templates for its clickwrap agreements.

- **Improved contract management efficiency.** Interviewees said Ironclad improved visibility into the contract lifecycle and allowed legal stakeholders to standardize compliance. As a result, legal stakeholders improved contract outcomes and compliance postures while simultaneously minimizing hands-on involvement. The head of legal operations at a technology organization stated: “Visibility has been a huge boon for our procurement and our legal teams. They don’t have to spend that time managing their business stakeholders nearly as much as ... they had to do before.”

The VP of contract strategy at a customer service organization said: “The biggest benefit has been visibility in terms of the legal team knowing everything the commercial team is doing. There’s never a surprise. Everybody’s got visibility to the current workload and can answer their own questions. If they’re trying to understand the status of a particular negotiation, they can just check a dashboard. They don’t need to ask any of us to chase down information. They are able in real time to manage ... risk profiles and contract flows”

**Modeling and assumptions.** In modeling for the composite organization, Forrester assumes:

- On average, each contract requires 4 hours of legal employees’ time.
- The average fully burdened rate of a legal employee is \$162,000 annually or \$78 hourly. This includes a burdened rate multiplier of 1.35 times.
- Legal employees recapture 80% of time savings into other productive tasks.
- Prior to using Ironclad, the composite organization required 1,170 hours of outside counsel at \$250 an hour to support contract-lifecycle management. With Ironclad, the composite completely avoids this cost by Year 3.

**Risks.** The expected financial impact is subject to risks and variation based on several factors, including:

- Variance in contract types, volume, and workflows.
- Employee salaries and expertise.
- Levels of user adoption and training.
- Levels of outside legal counsel engagement.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$1.2 million.

**“I’ve reduced the administrative workload and increased the autonomy of my department significantly.”**

*VP of contract strategy, customer service*

Legal Efficiency					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Total number of contracts managed in CLM	Composite	900	1,035	1,190
B2	Legal time spent per contract in the prior contracting process (hours)	Composite	7	7	7
B3	Percent time savings per legal employee with Ironclad	Interviews	60%	60%	60%
B4	Cumulative time savings per contract for legal employees with Ironclad (hours)	Interviews	4	4	4
B5	Fully burdened hourly rate of a legal employee	Composite	\$78	\$78	\$78
B6	Productivity recapture	Composite	80%	80%	80%
B7	Subtotal: Legal contracting productivity uplift	$B1*B2*B3*B4$	\$224,640	\$258,336	\$297,024
B8	Outside legal counsel time required to support contracting before using Ironclad (hours)	Composite	1,170	1,170	1,170
B9	Reduction in outside legal counsel with Ironclad	Interviews	90%	95%	100%
B10	Avoided time for outside legal counsel involvement due to Ironclad (hours)	$B8*B9$	1,053	1,112	1,170
B11	Hourly rate of outside legal counsel	Composite	\$250	\$250	\$250
B12	Subtotal: Avoided outside legal counsel spend	$B10*B11$	\$263,250	\$278,000	\$292,500
Bt	Legal efficiency	$B7+B12$	\$487,890	\$536,336	\$589,524
	Risk adjustment	↓10%			
Btr	Legal efficiency (risk-adjusted)		\$439,101	\$482,702	\$530,572
<b>Three-year total: \$1,452,375</b>			<b>Three-year present value: \$1,196,737</b>		

### PROFIT MARGIN EXPANSION

**Evidence and data.** Interviewees said Ironclad enabled their organizations to increase top-line revenue. Sales stakeholders reduced the time it takes to create, review, and approve contracts, which interviewees said helped their organizations close deals faster and accelerate revenue recognition. Having better contract visibility and control enabled by Ironclad helped the organizations reduce cycle times and negotiate better terms. Several interviewees said their organization used analytics and reporting from Ironclad to monitor contracts and identify areas for improvement. Interviewees’

organizations ultimately transformed their contracting abilities, which led to greater revenue and customer profitability.

- The VP of contract strategy at a customer service organization said their firm accelerated its sales process by improving contract turnaround times to close deals faster. The interviewee stated: “Clients can be generated significantly faster than they used to be, so it used to take us two or three days to get an initial draft to the salesperson to send out. We can now do it in 2 [or] 3 hours.”
- The same interviewee told Forrester: “We’ve seen profitability increase based on our strategic

contracting ability, which has been fueled by better process, better visibility, [and] better institutionalized knowledge in the contracting process. ... So, [that's] a quarter-percent profitability increase on 30% of our client base which ... sounds really small, but actually makes a big difference.”

**Modeling and assumptions.** In modeling for the composite organization, Forrester assumes:

- The composite organization earns \$1.35 billion in annual revenue for its business-facing solutions.
- Ironclad helps the composite identify the equivalent of 15% of that revenue in contracts with suboptimal terms.
- The composite increases the profitability of the contracts identified with suboptimal terms by 25 basis points.

**Risks.** The expected financial impact is subject to risks and variation based on several factors, including:

- Implementation success.
- Business maturity.
- External risks and market risks such as economic conditions.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$1.1 million.

Profit Margin Expansion					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Total revenue from contracts	Composite	\$1,350,000,000	\$1,350,000,000	\$1,350,000,000
C2	Percent of contract revenue identified with suboptimal terms	Composite	15%	15%	15%
C3	Percent increase in profit margin due to Ironclad	Interviews	0.25%	0.25%	0.25%
Ct	Profit margin expansion	C1*C2*C3	\$506,250	\$506,250	\$506,250
	Risk adjustment	↓15%			
Ctr	Profit margin expansion (risk-adjusted)		\$430,313	\$430,313	\$430,313
<b>Three-year total: \$1,290,938</b>			<b>Three-year present value: \$1,070,123</b>		

**BUSINESS GROWTH FROM CLICKWRAP CONTRACTS**

**Evidence and data.** Interviewees told Forrester that Ironclad Clickwrap was an integral part of their organizations’ contract management and digital transformation initiatives. With Ironclad Clickwrap, the organizations created clickwrap agreement

processes that had less friction and were digitally enabled, scalable while controlling risk, and supported business growth.

The SVP of product development at a real estate company said their organization used Ironclad to digitalize and streamline its new-customer onboarding agreement process, enable new digital



channels to reach more customers, shorten sign-up processes, and increase customer conversions. The interviewee said: “We know we’re getting 2% to 3% better conversion rates. We’ve shrunk the lease process almost in half, and abandonment at that lease step has dropped off to almost nothing. ... It used to take [customers] 3 [minutes or] almost 4 minutes to sign the lease and go through all of it. Now, it’s a 30-second-or-less step in the process.”

The interviewee said that by using Ironclad to digitalize customer interactions, their organization shifted traffic away from its physical locations, which could incur high operational costs. The SVP said: “We had 3,500 employees in our field who managed in-person customer interactions. Since we have moved to Ironclad and we have created Clickwrap and more streamlined leasing options for our customers, we have driven about 42% of our customer-acquisition activity out of the store. It’s happening in our online tools, it’s happening on our mobile app tools, and it’s happening at our call center.”

The commercial operations program manager at an e-commerce organization said Ironclad Clickwrap helped their firm onboard partner merchants at a rate and scale that was not possible with its prior contracting process. They explained that Clickwrap helped the organization keep pace with its growing partner base and expand its services to new markets and partner types while maintaining compliance. Additionally, the organization used Clickwrap to create a self-service sign-up for a new offering, which improved reach to new customers and generated significant revenue. The interviewee said: “Getting contracts signed through [Clickwrap] is about two days faster than if you went through the paper agreement flow. For each deal that comes in, we’re saving about two days to activate.”

**Modeling and assumptions.** In modeling for the composite organization, Forrester assumes:

- The composite organization provides a B2C service with an average order value of \$300 that requires a clickwrap contract to onboard customers.
- The composite organization processes 500,000 clickwrap agreements annually.
- With Ironclad, the composite transforms its customer onboarding CX. This removes friction, drives faster sign-up speeds, reduces drop-off rates, and ultimately increases the customer conversion rate by three percentage points.
- The composite organization realizes a profit margin of 15%.

**Risks.** The expected financial impact is subject to risks and variation based on several factors, including:

- Variance in business models, offerings, and clickwrap needs.
- External risks and market risks such as economic conditions.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$1.3 million.

<b>Business Growth From Clickwrap Contracts</b>					
<b>Ref.</b>	<b>Metric</b>	<b>Source</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
D1	Number of B2C deals that require clickwrap agreements	Composite	500,000	500,000	500,000
D2	Conversion rate prior to using Ironclad Clickwrap	Composite	70%	70%	70%
D3	Increase in conversion rate due to Ironclad Clickwrap (percentage points)	Interviews	3.0%	3.0%	3.0%
D4	Conversion rate with Ironclad Clickwrap	D2+D3	73.0%	73.0%	73.0%
D5	Average order value	Composite	\$300	\$300	\$300
D6	Increase in revenue	D1*D3*D5	\$4,500,000	\$4,500,000	\$4,500,000
D7	Profit margin	Composite	15%	15%	15%
Dt	Business growth from Clickwrap contracts	D6*D7	\$675,000	\$675,000	\$675,000
	Risk adjustment	↓20%			
Dtr	Business growth from Clickwrap contracts (risk-adjusted)		\$540,000	\$540,000	\$540,000
<b>Three-year total: \$1,620,000</b>			<b>Three-year present value: \$1,342,900</b>		

## UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Technology cost savings.** Interviewees said their organizations realized technology-licensing and maintenance cost savings after sunsetting their legacy solutions. The SVP of product development at a real estate organization utilizing Clickwrap explained: “We are saving close to a million dollars a year in leasing costs right now, just [in] leasing fees at the transaction level with Ironclad. ... We just continue to see improved savings over [our legacy solution].”
- **Implementation ease and time to value.** Several interviewees reported faster, cheaper, and more supported implementation experiences with Ironclad than their organizations had in their prior environments. The head of legal operations at a technology firm told Forrester: “[Implementation was] at least six or seven months faster. I’ve done CLM implementations before. I was a legal office consultant doing e-billing and CLM implementations, and I cannot think of one that went less than 10 months — and that was an outlier. More often ... it’s 12 months or more — 12 to 18 months.”
- **Reduced risk of policy violations and errors.** Interviewees said Ironclad enabled their organizations’ legal teams to standardize and proliferate compliance guardrails and that this reduced overall risk. The VP of contract strategy at a customer service organization said: “One of the core benefits [legal teams] would also [mention] is risk management. We are using data-driven decision-making, we can reference historical agreements in terms of things like liability caps, and we can then institutionalize and normalize our preferred position. [Legal teams] are confident that we are contracting within a

tighter window because we have a defined window coded in Ironclad.”

The head of legal operations at a technology organization noted: “From a risk perspective, [Ironclad] is helping us a lot. Because one: We’re not exposing our contracts to many more people than we need to. And two: We are identifying people starting work without a contract, which is one of our biggest risks, and we’re addressing that violation.”

## VOICE OF THE CUSTOMER

- “[One of the biggest benefits of using Ironclad] is the speed to deal-making: It’s [having] the ability to close more deals faster, bring in more revenue sooner, and keep our partners and customers happy.”  
– *Head of global legal operations, travel*
- “Our commercial team is a huge fan of Ironclad. We get unsolicited positive feedback from our business requesters purely because they had zero visibility prior to [using] Ironclad.”  
– *Head of legal operations, technology*
- “I can’t say enough great things about the [Ironclad] team and their professionalism and their execution. It was just exceptional across the board [and] made us look really, really good.”  
– *SVP of product development, real estate*
- **Ease of use.** Interviewees stated that Ironclad is easy to use and that this among other features enabled widespread adoption among their organizations’ legal teams and other

stakeholders. The head of legal operations at a technology organization told Forrester: “Ironclad is probably the only tool where I’ve seen attorneys actually get actively involved [and say], ‘Oh, I want to see this,’ or ‘Hey, can you put this on your roadmap?’ They’re taking actual ownership of this tool, which is quite rare to see, and it’s good to see.”

- **Improved insights, analytics, and reporting.** Interviewees said Ironclad allowed their organizations to consolidate contracts in searchable repositories and that this enabled deeper contract analysis and reporting insights. The head of global legal operations at a travel organization said: “All the approvals are captured as the contract is built and negotiated in Ironclad. [We now have] the ability to produce reports for people like SOX (Sarbanes-Oxley Act) auditors and others who want to be sure that every contract you have executed is under the policy. They don’t have to go look at multiple forms and hopefully be able to find them to begin with because everything is recorded right there in the system.”
- **Increased sales velocity, customer experience, and supplier relationships.** Several interviews expressed how contracting efficiency with Ironclad led to faster sales deals, rapid partner onboarding, and better customer and supplier relationships. The VP of contract strategy at a customer service organization said: “[Ironclad] has definitely improved the friction, speed, and agility in the sales cycle. It gives the sales team a lot more latitude to then have conversations in a timelier manner and close those deals faster.”
- **Cost avoidance from more favorable buy-side contracting terms.** Interviewees noted that Ironclad helped their organizations achieve more favorable contracting terms for procurement contracts.

- **Strong vendor support and partnership.** Interviewees across the board mentioned that Ironclad provided attentive, knowledgeable, and comprehensive support from implementation professional services to ongoing support. The SVP of product development at a real estate organization told Forrester: “The team at Ironclad has been awesome. They just killed it. They met every deadline, every expectation, every tweak, and every customization we needed to support our business. ... We’re really big fans of Ironclad because of the experience we had because of the professional services.”

The head of legal operations at a technology organization said: “The [Ironclad] teams I work with ... have been top-notch, and that’s not always the case with legal tech vendors. They really listen to your feedback and try to work with you. The quality of delivery, at least in my experience with the people I’ve worked with [at Ironclad], has been very high. They’re really sharp people.”

- **Onboarding and training.** The VP of contract strategy at a customer service organization said their firm reduced the onboarding speed of legal operations employees by more than 83%. The interviewee said: “The real benefit here is that I was able to onboard a new coordinator and, within six weeks, he was doing what used to take me nine months to get a team member to do. The system is codified in a way, and our broader team has agreed to the logic. We’ve all bought into the fact that this is the process.”

## FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Ironclad and later realize additional uses and business opportunities, including:

- **Further efficiencies with AI features.** Interviewees said they anticipate further efficiencies with the introduction of AI-powered features being released by Ironclad. The VP of contract strategy at a customer service organization said: “[Now that Ironclad Playbooks is live], it is comparing and giving us that big-data-level insight between what have we agreed to in the past and what is [in] this contract, [which allows] us to make better decisions. And [we] basically use our internal institutional knowledge just to negotiate contracts based on our norms.”

The head of global legal operations at a travel organization told Forrester: “Ironclad just introduced an AI-based capability where if you receive third-party counterparty paper, it will automatically analyze it against our playbook and, instead of going to human copy-paste, now it just automatically will replace in our acceptable clauses.”

The VP of contract strategy at a customer service organization stated: “We’re excited about how things like ChatGPT [are] part of [Ironclad’s] 2024 roadmap [and how they can] really change the nature of that AI integration to be even next level. I’ve gotten questions from our CLO [like], ‘Have you looked at these tools advertising their AI capabilities?’ And I turned around and [said], ‘For free, my tools are giving me AI capabilities.’ So, I’m not going to go shop around given that I haven’t scratched the surface of what’s already available to me at no additional cost, which was the most incredible part of Ironclad’s product lifecycle.”

- **Increased business agility and expansion into new markets.** Interviewees from organizations using Clickwrap reported that Ironclad improved the pace at which their firms could onboard new customers and partners. They said this helped the organizations keep up with the pace of business growth and extend their business to

new markets. The commercial operations program manager at an e-commerce organization told Forrester: “I think we can get our product to market faster. We’re able to enter international markets with comfort that the contracting and compliance portions will be there because it’s all templated versus having individuals write their own contracts.”

**“There’s no way we could have scaled without something like [Ironclad] in place. ... I don’t think [my organization] would have grown and remained compliant the way that it has without [it].”**

*Commercial operations program*

- **Enabling new business opportunities and strategies.** The SVP of product development at a real estate organization said implementing Clickwrap helped their firm reimagine its customer-experience initiatives, especially around new channels of customer acquisition and service. The interviewee said: “[Ironclad] gives us the flexibility to look at different staffing models, different acquisition types, [and] different asset types, and it has really opened the door to the channels in which we can go after customers and service customers. We were doing it very traditionally before. Today, we now have lots of channels that are enabled because of digital leases and simple Clickwrap digital leases, and that’s the real enabler for us.”

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

# Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Ironclad licensing costs	\$0	\$285,075	\$285,075	\$285,075	\$855,225	\$708,939
Ftr	Implementation, training, and ongoing costs	\$346,847	\$51,621	\$47,085	\$43,022	\$488,574	\$465,011
	Total costs (risk-adjusted)	\$346,847	\$336,696	\$332,160	\$328,097	\$1,343,799	\$1,173,950

## IRONCLAD LICENSING COSTS

**Evidence and data.** Interviewees said licensing costs were the largest investment consideration for their organizations. Ironclad determines licensing costs based on the number of contract administrators, standard users, and requestors. The user quantity and type of the organizations varied depending on their use cases, including contract types, workflows, the number of requestors, and more.

**Modeling and assumptions.** In modeling for the composite organization, Forrester assumes:

- The composite organization pays for licensing for eight contract administrators, 50 standard users, and 500 requestors.

- Pricing may vary. Contact Ironclad for additional details.

**Risks.** The expected financial impact is subject to risks and variation based on several factors, including:

- Contract volume and type.
- The number of users who require a license.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$709,000.

Ironclad Licensing Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Ironclad licensing costs	Composite	\$0	\$271,500	\$271,500	\$271,500
Et	Ironclad licensing costs	E1	\$0	\$271,500	\$271,500	\$271,500
	Risk adjustment	↑5%				
Etr	Ironclad licensing costs (risk-adjusted)		\$0	\$285,075	\$285,075	\$285,075
<b>Three-year total: \$855,225</b>			<b>Three-year present value: \$708,939</b>			

## IMPLEMENTATION, TRAINING, AND ONGOING COSTS

**Evidence and data.** Interviewees said CLM implementations typically require in-depth change management to evaluate and implement new technology and process. Despite this, they expressed that their organizations' Ironclad implementations met their implementation goals — particularly the level of support their firms received.

Interviewees' organizations leveraged a mixture of professional services provided by Ironclad and their own teams to fully deploy Ironclad, and they also said training was a necessary component to ensure users were proficient in the new system and processes. The organizations dedicate ongoing labor for system maintenance and to further fine-tune the solution to meet their evolving business needs.

**Modeling and assumptions.** In modeling the composite organization, Forrester assumes:

- The composite pays a one-time professional services fee of \$40,725 to implement Ironclad.
- The composite leverages the equivalent of four internal FTEs over six months to implement Ironclad, and this saves time for project coordinators, developers, IT staff, contract administrators, and business users.
- The average hourly fully burdened rate of one of these FTEs is \$65.
- The composite trains 550 business users to use Ironclad, and this requires 1.5 hours of their time. Eight operations administrators also require 8 hours of training. The composite provides ongoing training to 15% of those employees to account for churn.
- In Year 1, the composite incurs 960 hours dedicated to creating new workflows and maintaining the system. That time decreases by 10% year-over-year as the composite develops efficiencies with Ironclad.

**Risks.** The expected financial impact is subject to risks and variation based on several factors, including:

- Implementation requirements, needs, and execution.
- Training requirements and existing skill sets.
- Levels of ongoing management.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$465,000.

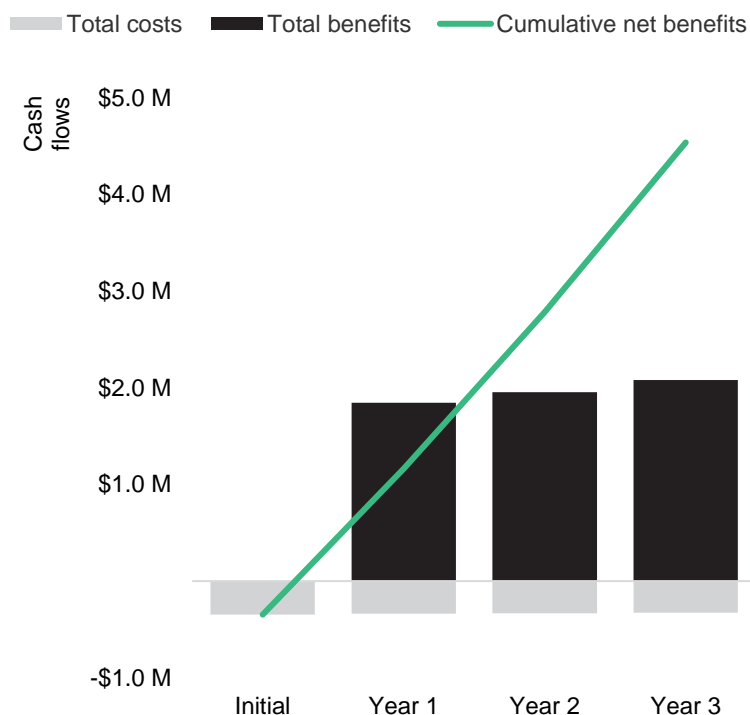
Implementation, Training, And Ongoing Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Professional services cost	Composite	\$40,725	\$0	\$0	\$0
F2	Internal labor time to implement (hours)	Composite	3,840	0	0	0
F3	Average fully burdened hourly rate of a project team member	Composite	\$65	\$0	\$0	\$0
F4	Subtotal: Implementation costs	$F1+(F2 \times F3)$	\$290,325	\$0	\$0	\$0
F5	Number of business users involved in the CLM process	Composite	550	83	83	83
F6	Training time per business user	Interviews	1.5	1.5	1.5	1.5
F7	Number of operations administrators involved in the CLM process	Composite	8	1	1	1
F8	Training time per administrator (hours)	Interviews	8	8	8	8
F9	Average fully burdened rate of an operations administrator or business user	Composite	\$45	\$45	\$45	\$45
F10	Subtotal: Training costs	$F9 \times ((F5 \times F6) + (F7 \times F8))$	\$40,005	\$5,963	\$5,963	\$5,963
F11	Ongoing time required to create new workflows and maintain system (hours)	Interviews	0	960	864	778
F12	Subtotal: Ongoing costs	$F11 \times F9$	\$0	\$43,200	\$38,880	\$35,010
Ft	Implementation, training, and ongoing costs	$F4+F10+F12$	\$330,330	\$49,163	\$44,843	\$40,973
	Risk adjustment	↑5%				
Ftr	Implementation, training, and ongoing costs (risk-adjusted)		\$346,847	\$51,621	\$47,085	\$43,022
<b>Three-year total: \$488,574</b>			<b>Three-year present value: \$465,011</b>			



# Financial Summary

## CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

### Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

### Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$346,847)	(\$336,696)	(\$332,160)	(\$328,097)	(\$1,343,799)	(\$1,173,950)
Total benefits	\$0	\$1,846,814	\$1,956,025	\$2,079,224	\$5,882,063	\$4,857,623
Net benefits	(\$346,847)	\$1,510,117	\$1,623,865	\$1,751,127	\$4,538,263	\$3,683,673
ROI						314%
Payback						<6 months

## Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

### TOTAL ECONOMIC IMPACT APPROACH

**Benefits** represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

**Costs** consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

**Flexibility** represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

**Risks** measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



### PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



### NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.



### RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



### DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



### PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

## Appendix B: Endnotes

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<sup>1</sup> Source: “The Contract Lifecycle Management Landscape, Q1 2023,” Forrester Research, Inc., February 23, 2023.

<sup>2</sup> Total Economic Impact is a methodology developed by Forrester Research that enhances a company’s technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

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