



Innovation Awards 2012

**Michael A. Haring, Vice President & Deputy General Counsel
Deere & Company (“John Deere”)**

1. *Describe clearly the business challenge or issue that required an innovative approach; the nature of this challenge or issue, how it was identified and in which ways contract or commercial improvements were relevant.*

John Deere, a leading manufacturer of farm, construction, forestry and turf care equipment, wanted to successfully integrate contract management into the company’s source-to-settle process. The company also wanted to improve its contract management by automating contract processes and procedures to achieve greater efficiencies. John Deere turned to Sedona Technologies to manage the project. We are nominating Sedona Technologies for the Outstanding Service Provider award for its work in managing the John Deere project.

With a global footprint and numerous divisions, John Deere wanted to streamline its contract management process, gaining deeper visibility into all contracts and related commitments. One challenge was creating a central repository, where different divisions and managers could access and review contracts worldwide.

The company also wanted to optimize its existing contract management processes including contract renewals and standardizing common contracts. Prior to implementing a contract management solution, the company had numerous contract templates for routine transactions and legal was heavily involved in contract negotiations. Also, by automating contract management, John Deere could track contract development and receive alerts regarding renewals, contract deliverables, scheduled reviews, performance metrics, compliance issues and more.

Before undertaking this project, John Deere examined its contract management practices and identified key functional requirements. For example, it wanted a vendor that was knowledgeable in contract management and could help the company create and implement a set of best practices. The company also wanted a solution that could scale to meet its growing global needs.

2. *Provide a brief description of the approach that was taken to initiate the project and the barriers / pre-requisites (for example, absence of data; need for executive sponsorship; overcoming internal resistance).*

Sedona Technologies took a very methodical approach to implementing a new contract management platform for John Deere. The company identified several key functional requirements such as searching and reporting capabilities that were essential to meeting its goals. Sedona then worked with John Deere to identify key contract management requirements and researched industry benchmarking information from groups such as IACCM. After an exhaustive selection process, Sedona and John Deere first undertook a three-month pilot project using SciQuest's contract management solution (then Upside Software).

At the onset and all throughout, the project had full support from John Deere's senior management. As with any global technology project, change can be a challenge and can be met with some resistance from people who are used to doing things the "old" way. However, senior management's excellent support helped manage this issue throughout the organization. Another challenge came in the form of a variety of processes for handling contracts. As the technology was implemented across different regions and different departments, challenges arose in bringing in contracts that were stored in different ways and were managed using different procedures.

3. *Give a short overview of the project; who was involved, how long it took, any key discoveries along the way.*

The initial 3-month pilot project was intended to serve as a proof of concept. If the pilot project came in on time, under budget and met all requirements, John Deere would be ready to move forward with global roll-outs. With the success of the pilot program within the supply management, legal and IT departments, John Deere then began global roll-outs. John Deere used a very methodical approach. As the technology solution was implemented within a division or region, the company made sure each was up and running successfully and training was complete before moving on to the next area. Throughout the project, the company discovered that it was able to take advantage of multiple workflows readily available in the product to allow each region and department the unique capabilities they required for their processes.

Senior management's ongoing support was key to sustaining the multiple rollouts required for the project.

4. *List the results achieved. These should cover areas such as financial contribution; efficiency indicators (e.g. time, resource savings); effectiveness indicators (e.g. Impact on customer, supplier or user satisfaction; improvements in quality of management information; shift in status or role of commercial staff.)*

As a result of this project, John Deere streamlined its overall contracts process, including the creation and negotiation of contracts. The company uses the technology for both buy and sell-side contracts, and also for inter-company agreements. It also increased overall efficiencies and reduced overhead associated with contract negotiation and management. Previously, the

legal division was heavily involved in contracts management, even drafting routine contracts. After working with its legal team, John Deere was able to create contract templates enabling contract managers to negotiate their own contracts based upon pre-approved language. In addition to creating greater efficiencies, the contracts process became more uniform and standardized throughout the company.

John Deere realized a number of benefits by transforming its contract management processes including:

- Increased visibility and accessibility of contracts and associated activities across the entire organization;
- Consolidated control over all contracts;
- Greater consistency among contracts, further mitigating legal and/or regulatory exposure and risk;
- Greater adherence to company policies and procedures;
- Reduced cycle time to evaluate and develop sourcing strategies and to negotiate contracts;
- A comprehensive audit log and change history for all contracts, enabling employees to compare various versions and track changes; and

After implementing this project, John Deere was able to drastically reduce the number of contract templates it used, achieving greater uniformity and consistency throughout the entire organization. For example, the company saw an 85 percent decrease in the number of templates it needed for non-disclosure agreements. Additionally, John Deere was able to significantly decrease the average cycle time required to create first drafts of contracts. By having in place a common contract template that is easily accessible, the company has seen a time savings of more than 60 percent.

5. *Describe the lessons learned / next steps. In what ways has this project paved the way for future improvements and the on-going development of contract and commercial capability?*

Moving forward, Sedona Technologies will continue to work with John Deere to focus on ensuring that contract management is fully integrated, with the goal of achieving a complete source-to-settle process. This will involve coordinating with procurement and accounts payable to ensure the company is achieving the maximum benefit from existing contracts.

Additionally, Sedona plans to work with John Deere to continue global rollouts.