Zoho Contracts

THE STATE OF
CONTRACT
MANAGEMENT
In 2026

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Trends

Contracts:
The new engine for organizational transformation

Hyther Nizam
Director of Technology
Zoho Corp.

The state of flux in today's business landscape—fueled by economic volatility, the rapid pace of AI evolution, stringent compliance standards, and increasing consumer expectations—is pushing businesses to optimize every aspect of their operations to survive and maintain a competitive advantage.

Digital transformation of every aspect of business, starting from revenue teams such as marketing and sales, has been the primary driver for organizational transformation in the past decade. Forward-looking companies are now turning towards the legal function—traditionally seen as a cost center focused on risk mitigation and compliance—to recognize its potential to evolve as a strategic enabler of business growth and transformation.
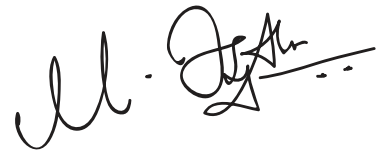
Contracts form the backbone of all business transactions, governing the terms of engagements, both commercial and regulatory. Efficiently managing contracts through their lifecycle helps businesses improve operational speed, reduce costs, enhance cross-functional collaboration, strengthen supplier relationships, enable data-driven insights, and, of course, improve compliance and mitigate risks. As companies grow and the volume and complexity of contracts increase, the need for digital transformation in the legal profession becomes paramount.

Recognizing this pressing need, we conducted our survey to provide a comprehensive analysis of the current state, challenges, and upcoming **trends of CLM in 2026 as reported by 1151 legal professionals** across various industries and ten countries (United States, Canada, United Kingdom, India, Netherlands, Philipphines, Mexico, Australia, United Arab Emirates, and Singapore).

This report offers a detailed look at how organizations are reshaping their CLM processes, the hurdles organizations face in adopting new technologies, and their projected impact on business efficiency.

Business and legal leaders who spearhead this transformation in their organizations are poised to get a seat at the strategic table that decides their companies' future. We hope this report provides you with the necessary insights and strategies to be better positioned to lead this charge, transforming contracts into strategic assets that drive growth, innovation, and long-term success.

Hyther Nizam

Current tools

Diverse tool utilization in CLM practices
(Multi-select)

Bar chart showing tool utilization percentages:
- 31%
- 52%
- 68%
- 53%
- 66%
- 50%
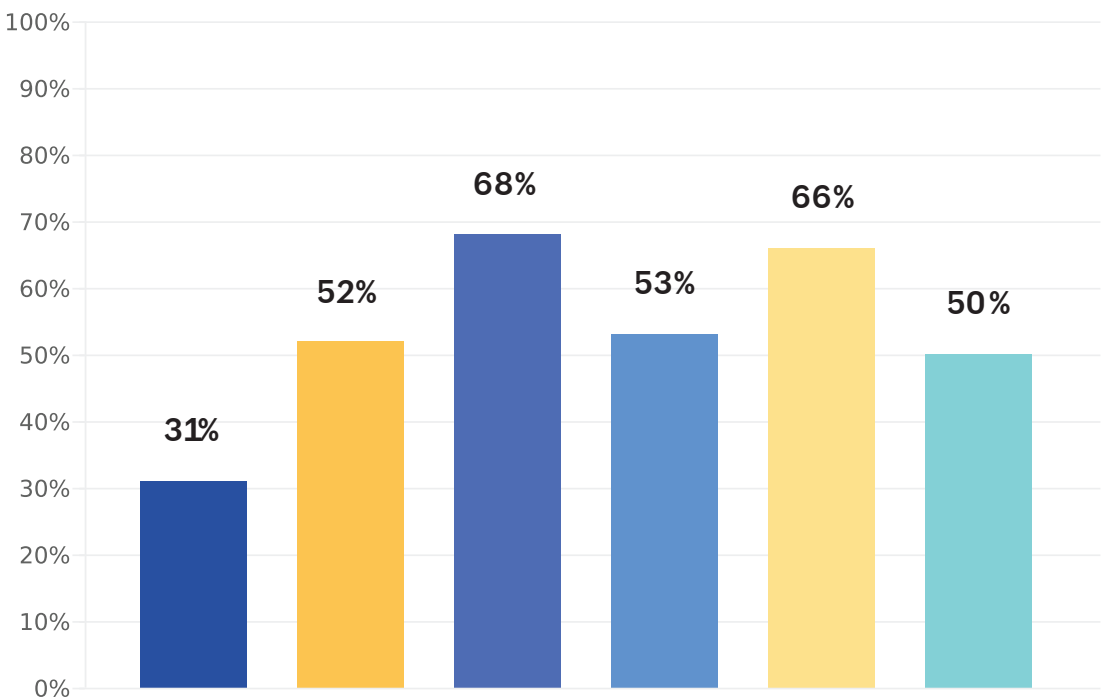
Legend:
- ● CLM tools (for example, Ironclad, Zoho Contracts)
- ● CPQ tools (for example, Oracle CPQ, Salesforce CPQ)
- ● eSignature tools (for example, DocuSign, Zoho Sign)
- ● ERP software (for example, Oracle NetSuite, SAP Ariba)
- ● MS Office Suite   ● Manual methods

Our survey reveals that businesses often employ a combination of tools to manage different aspects of their contract lifecycle:

31% of the respondents involved in contract management use contract lifecycle management **(CLM)** tools. Given that CLM tools are relatively new in the market, and as more organizations recognize their value, CLM providers should create more awareness about the full capabilities of CLM tools in streamlining the contracting process.

CPQ (Configure, Price, Quote) tools are used by 52% of respondents. While these tools are particularly useful for sales teams in initiating contracts, their functionality for managing the complete lifecycle of contracts is somewhat limited.

eSignature tools are employed by 68% of participants. eSignature tools are popular due to the convenience and worldwide acceptance of digital signatures. It's noteworthy that many CLM systems incorporate eSignature functionalities, enhancing their utility.

ERP (Enterprise Resource Planning) software is used by 66% of those surveyed. This solution is usually used by enterprise employees, who represented 50% of the respondent population. ERP for contract management is becoming less popular due to the high costs and lengthy implementation times, as well as steep learning curves associated with these systems.

A vast majority, 66%, still rely on **word processors and document management systems** for managing contracts. While traditional word processing and document management software continue to play a central role, managing contracts through such means can become incredibly tedious, necessitating the use of various applications for authoring, tracking, approval, and communication throughout the negotiation, execution, and post execution phases.

Notably, 50% of respondents still rely on **manual methods**, which may be used in conjunction with digital tools or in scenarios where digital solutions have not yet fully penetrated.

50% of the respondents still use manual methods to manage their contracts.

Openness to new CLM technologies

- **54%** Very likely
- **24%** Likely
- **16%** Neutral
- **4%** Unlikely
- **2%** Very unlikely

Legend:
● Very likely ● Likely ● Neutral ● Unlikely ● Very unlikely
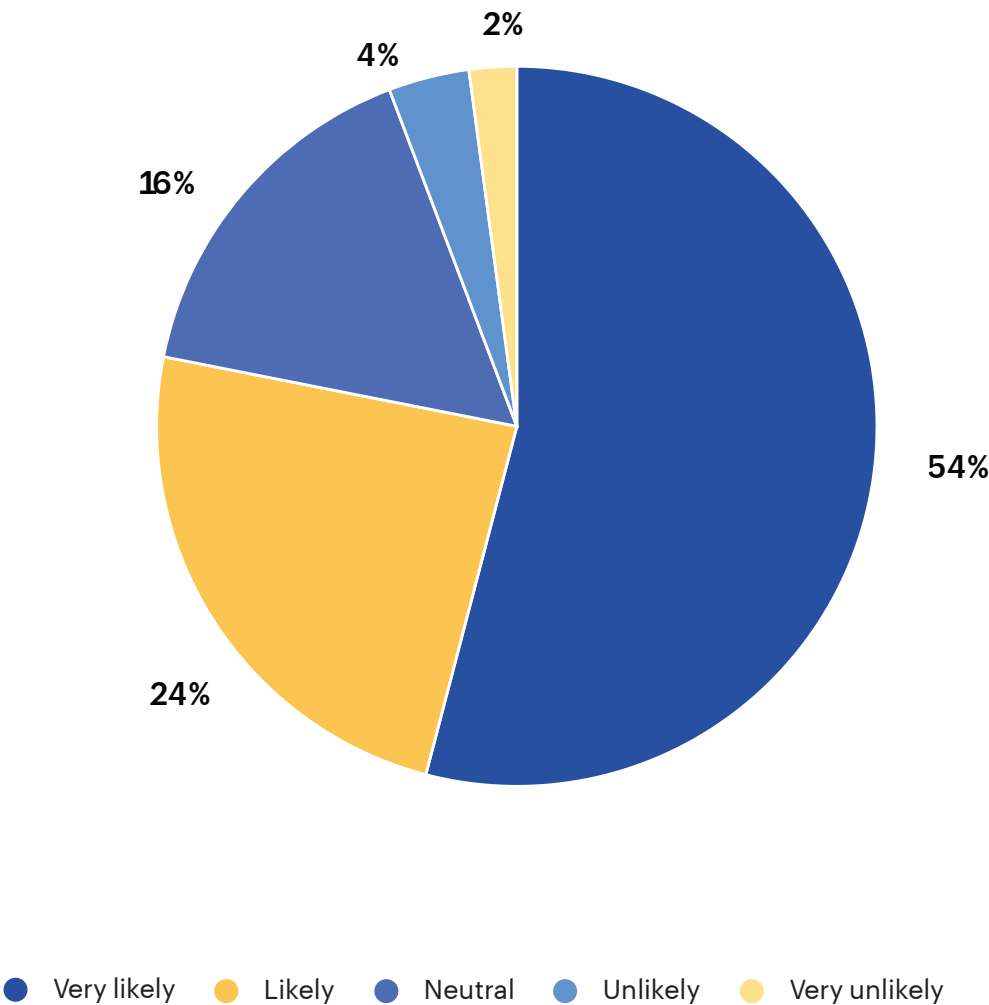
A significant portion (54% very likely and 24% likely) of the market is eager to explore and integrate modern CLM solutions. Respondents in the 4% and 2% brackets represent cautious adopters. Satisfaction with current systems, budget constraints, or a lack of awareness of available options are some of the common reasons that this category quotes. Overall, the data suggests a trend towards modernization in contract management, with many professionals open to adopting innovative CLM technologies. This is an opportune time for organizations to implement modern CLM solutions to stay competitive and enhance efficiency.

78% of the respondents are inclined to adopt new CLM technologies.

Challenges

Top contract management challenges

Integration
Activity-tracking
Data-security Analytics
Compliance
Negotiation
Redlining Cycle-times
Obligations Storage

Note: This word cloud represents the top challenges in contract management as highlighted by the respondents.

Primary concerns

Compliance remains a top concern across industries, with **43%** of respondents identifying it as their primary challenge. As laws around data protection, industry-specific regulations, and international trade continue to evolve, non-compliance and failure to meet the regulatory standards result in disputes, penalties, and reputational damage.

Contract professionals also identify contract negotiations as a primary concern due to manual redlining processes. This results in increased errors and a lack of transparency, ultimately slowing down business operations.

Data security and privacy is the next biggest concern. It is becoming increasingly difficult for organizations to ensure that contract data is stored, accessed, and shared securely to meet regulatory requirements and data protection laws.

"

As contracts grow more intricate and timelines tighten, the absence of automated oversight can make managing obligations and ensuring transparency a constant struggle. Without a structured, consistent approach, collaboration suffers, risks escalate, and overall efficiency declines.

Mary Mayiladumpara,
General Counsel, Zoho Corp.

Other concerns

Many respondents have highlighted problems related to operational inefficiencies in contract management. Almost one-third of the respondents find contract management processes to be too time-consuming. Difficulty storing and retrieving contracts further exacerbates this issue, slowing down operations and diverting resources from strategic initiatives.

A significant portion of respondents struggle with tracking contract-related activities, such as deadlines, obligations, and milestones, leading to missed opportunities and risks of non-compliance. Additionally, complex contract terms and clauses—particularly in industries requiring customization—pose challenges.

Finally, the lack of seamless integration with other enterprise systems, such as CRM and ERP, remains a barrier, hindering efficient contract management and increasing the risk of errors and inefficiencies. Inadequate reporting and analytics capabilities further hinder effective contract management. Organizations struggle to generate actionable insights from their contract data, making it difficult to identify areas for improvement, measure performance, and make data-driven decisions.

A significant

43% of respondents report compliance and regulatory issues as a major concern.

"

Cross-border contract executions involve navigating unfamiliar local laws and determining appropriate governing laws, which can expose organizations to legal and financial risks. Identifying a neutral jurisdiction and incorporating multiple regulatory requirements complicate the contract management process.

Iyiola Oyefeso,
Group Head Legal Services,
AA&R Investment Group

The impact of CLM tools on businesses

(The questions in this section were aimed at respondents who use CLM tools to manage their contracts.)

Frequency of CLM tool usage in business

3%

7%

28%

61%

● Daily ● Weekly ● Monthly ● Occasionally ● Rarely
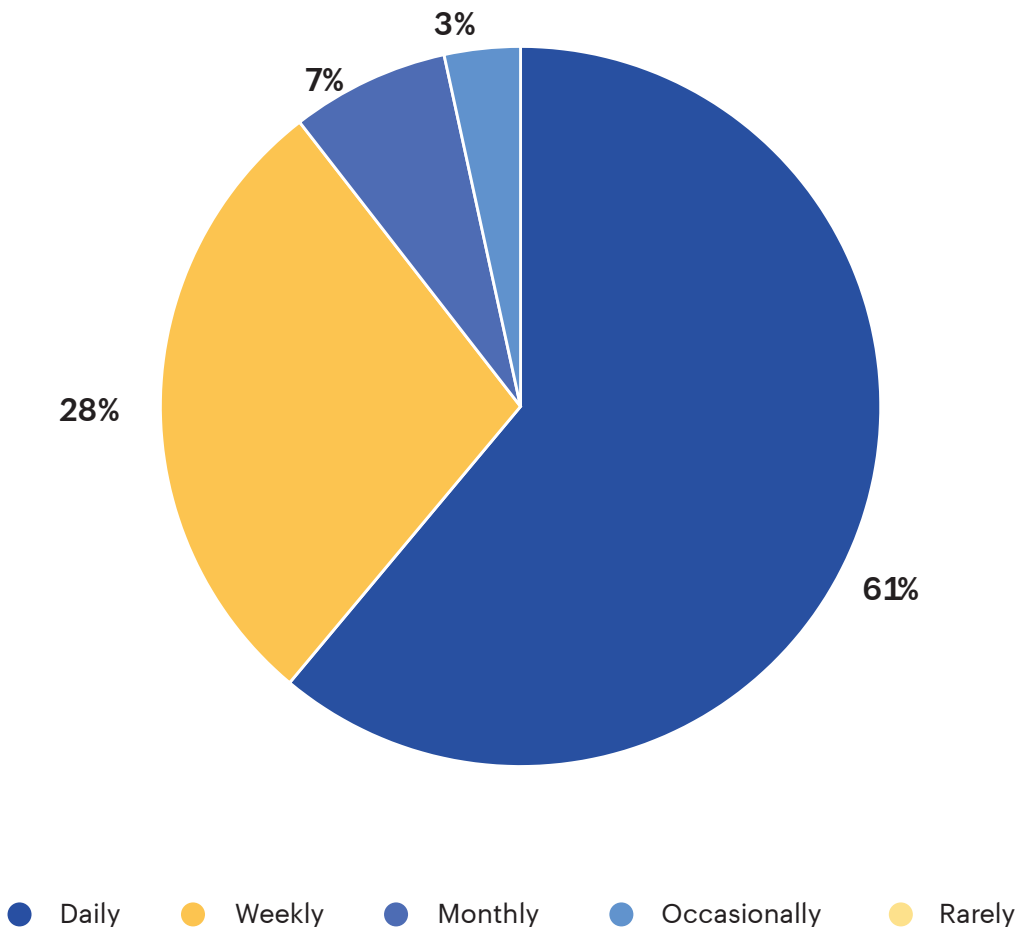
The survey data reveals the significance of CLM tools in daily business operations. A majority of respondents, **61%**, use their primary CLM tools every day, indicating that CLM is an integral part of their day-to-day operations. For **28%** of the respondents, CLM tools were used every week. A smaller portion, **7%**, reported monthly usage, possibly reflecting fewer contracts or batched CLM tasks.

61% of the
respondents use their
primary CLM tools daily.

Efficiency gains with CLM tools

Time saved per week per employee

2% 3%

24%

21%

29%

22%

- ● Less than 1 hour
- ● 1-3 hours
- ● 4-6 hours
- ● 7-10 hours
- ● More than 10 hours
- ● Not applicable/Don't know
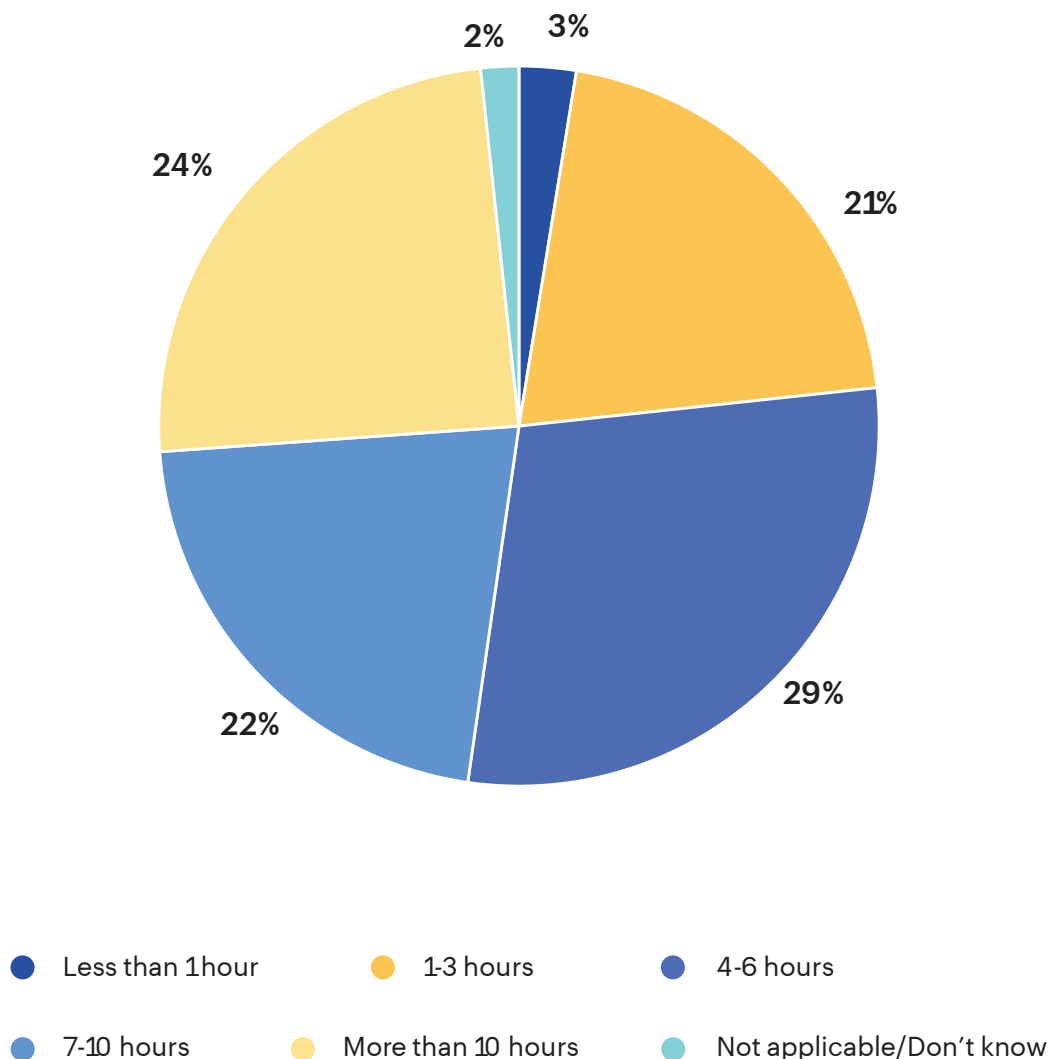
Note: The above values are per week per employee

While it is difficult for the respondents to quantify the efficiency of their CLM process, we asked them about their perceived time savings and workload reduction with CLM tools.

The results, shown in the graphs above, indicate significant improvements. For instance, **21%** of the respondents experienced **7 to 10 hours** of time saved, while **26%** experienced **40% to 50%** in workload reduction with CLM tools. The cumulative impact of these efficiency gains, especially in large organizations managing a high volume of contracts, can be substantial.

47% of the respondents saved more than 7 hours per week per employee with CLM tools.

Reinvesting the time saved using CLM tools

(Multi-select)

Bar chart:
- Focusing on more strategic tasks: 70%
- Engaging in revenue-generating activities: 67%
- Undertaking professional development or training: 51%
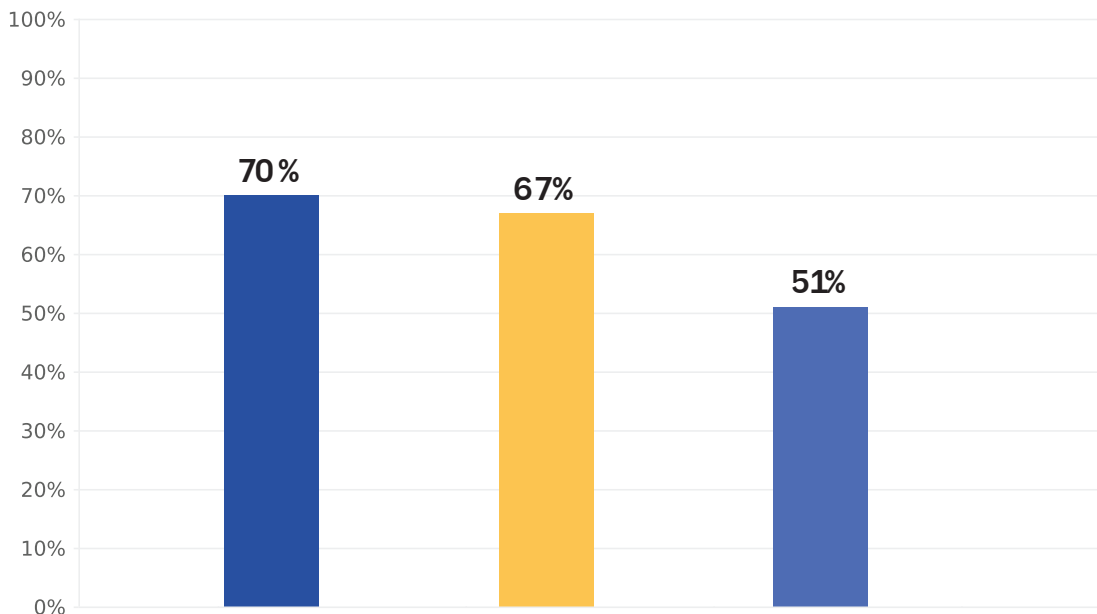
Legend:
- Focusing on more strategic tasks
- Engaging in revenue-generating activities
- Undertaking professional development or training

70% of respondents are reinvesting time saved using CLM tools on more strategic tasks.

Employees can reallocate the time saved through improved efficiency to more strategic tasks, such as enhancing risk management frameworks, refining compliance strategies, and optimizing contracts with trading partners to achieve better terms and cost efficiencies. These efforts can significantly contribute to driving greater business impact.

Their expertise can also be invaluable in revenue-generating activities, including supporting mergers and acquisitions, fostering strategic partnerships, strengthening relationships with trading partners, and leveraging contract data to negotiate more favorable and faster deals.

Employees can also use the time saved to pursue professional training and development opportunities. This includes cross-departmental learning, earning certifications in legal technology, and participating in industry conferences, enabling them to stay competitive and contribute more effectively to the organization's success.

Measuring the health of your CLM process

(Multi-select)
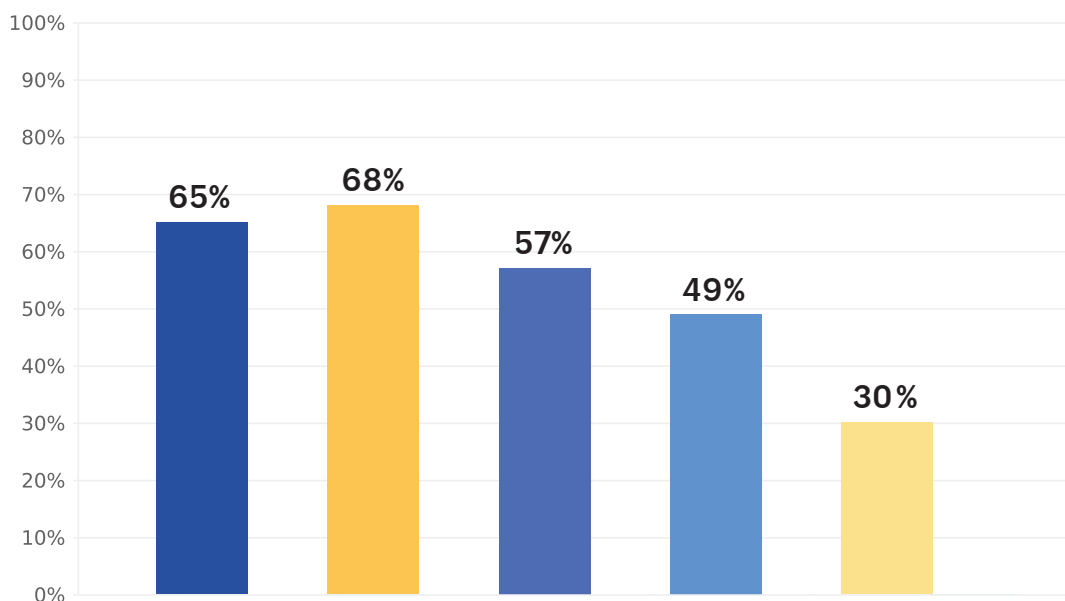
- ● Key performance indicators (KPIs) (for example, cycle time)
- ● Financial metrics (for example, revenue generated, cost savings)
- ● Compliance with contract terms
- ● Timeliness of deliverables and milestones
- ● Risk assessment and mitigation

The key aspects that contribute to the health of a CLM process are its efficiency, financial performance, and compliance. Let's look at the key metrics to track these factors, which will help gauge its health. These metrics vary based on the nature of business, industry type and CLM maturity.

Efficiency metrics

An efficient CLM process helps streamline the contract lifecycle by optimizing resource utilization and reducing costs and cycle times. Organizations use metrics, like the cycle time from contract initiation to execution, the number of contracts processed per employee, the number of tasks that are automated, and the average amount of time spent on contract negotiation to keep track of their CLM process efficiency.

Compliance and risk mitigation metrics

Compliance metrics measure adherence to contractual obligations, such as SLAs, deliverables, and timelines. Contracts must also align with legal and regulatory standards, such as data protection laws, industry-specific regulations, and tax compliance. By providing better visibility into obligations and ensuring adherence to legal frameworks, CLM platforms minimize risks and protect organizations from financial and reputational harm.

Financial metrics

Financial metrics assess the impact of contracts on the organization's bottom line. For the buy-side contracts, tracking financial metrics like cost saving, procurement efficiency, and supplier performance is beneficial. Understanding these key metrics will help you ensure optimization of the procurement processes, avoid overspending, and adhere to negotiated terms. Sell-side metrics like revenue-generated, time-to-revenue, and customer retention rates are essential for evaluating sales performance and the revenue generated.

"

To evaluate the health of a company's CLM, it's essential to consider key metrics such as completeness of the CLM software, its visibility, risk management, and usability. A robust CLM system should ensure transparency and cost savings while reflecting the company's values and risk appetite.

Anita Kapoor,
General Counsel—India and South Asia,
Lenovo Group

Contribution of CLM tools in performance measurement

12%

30%

28%

30%

● Moderately   ● Slightly   ● Very   ● Extremely
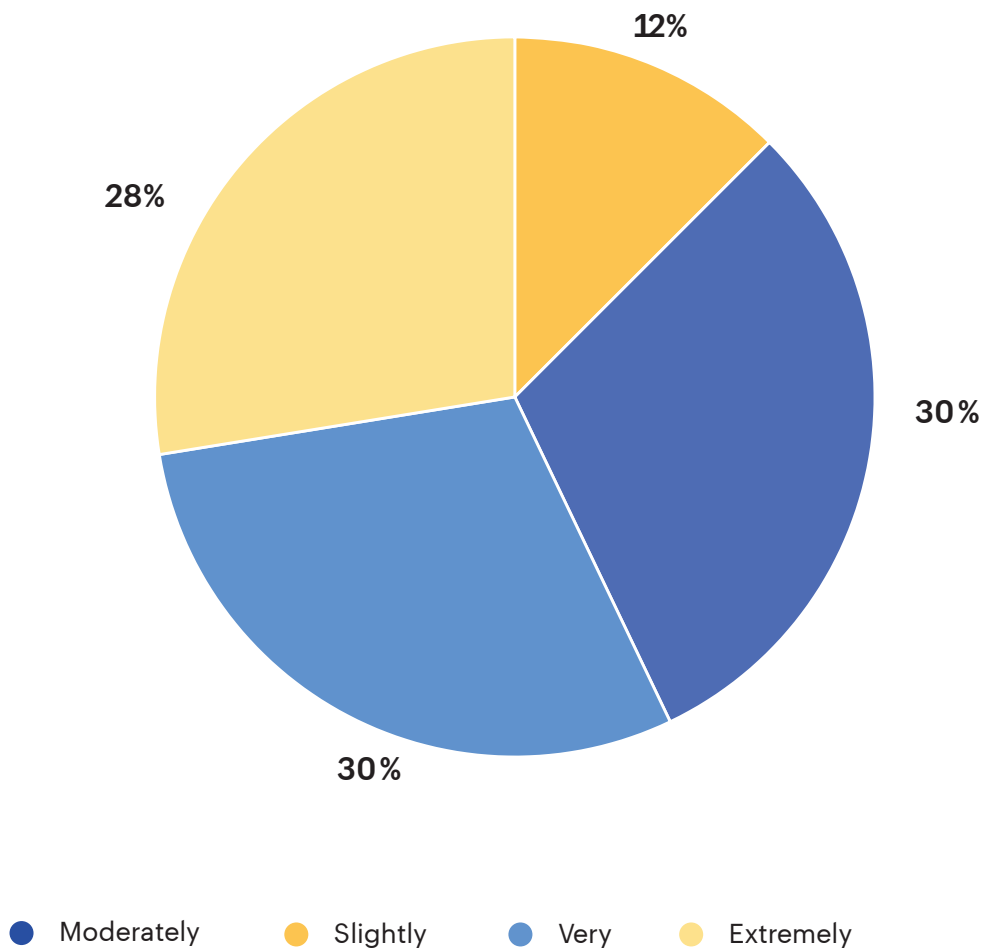
The findings highlight the importance of CLM tools in measuring contract management performance. As organizations continue to evolve their contract management practices, the role of CLM tools is expected to become even more integral in measuring and driving performance and success.

60% of the respondents believe that CLM tools contribute significantly in performance measurement.

Evaluating the impact of CLM tools on stakeholder satisfaction

- Significantly — 43%
- Moderately — 32%
- Slightly — 18%
- No significant change — 5%
- Not applicable/Unable to assess — 2%
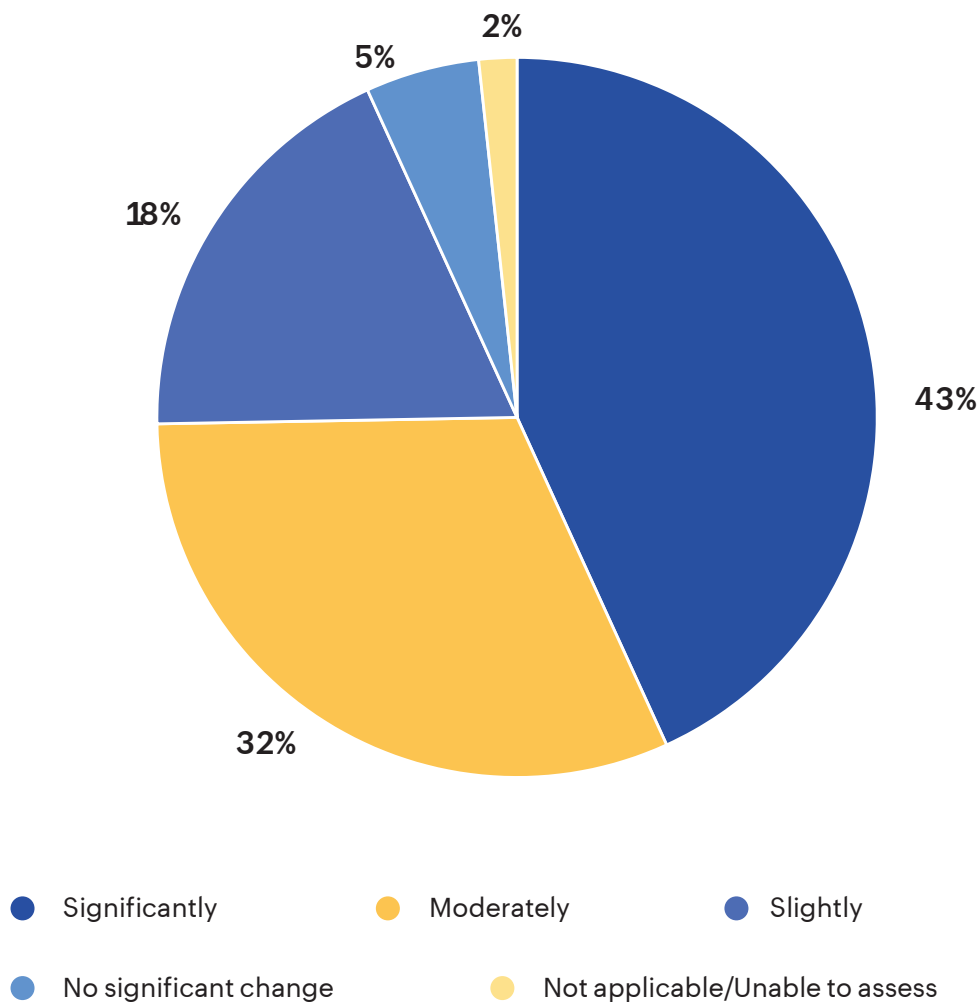
These insights suggest that the majority of respondents perceive a positive impact of CLM tools on stakeholder satisfaction. Respondents have revealed that improved satisfaction levels are achieved through better communication, more transparent processes, and more effective contract execution, which these tools enable.

44% of respondents believe that CLM tools make a significant contribution to improving stakeholder satisfaction.

Trends

The importance of integration between CLM tools and other business systems

Legend:
- Extreme important — 43%
- Very important — 34%
- Moderately important — 14%
- Slightly important — 7%
- Not important — 1%
- Not applicable/Unsure — 1%
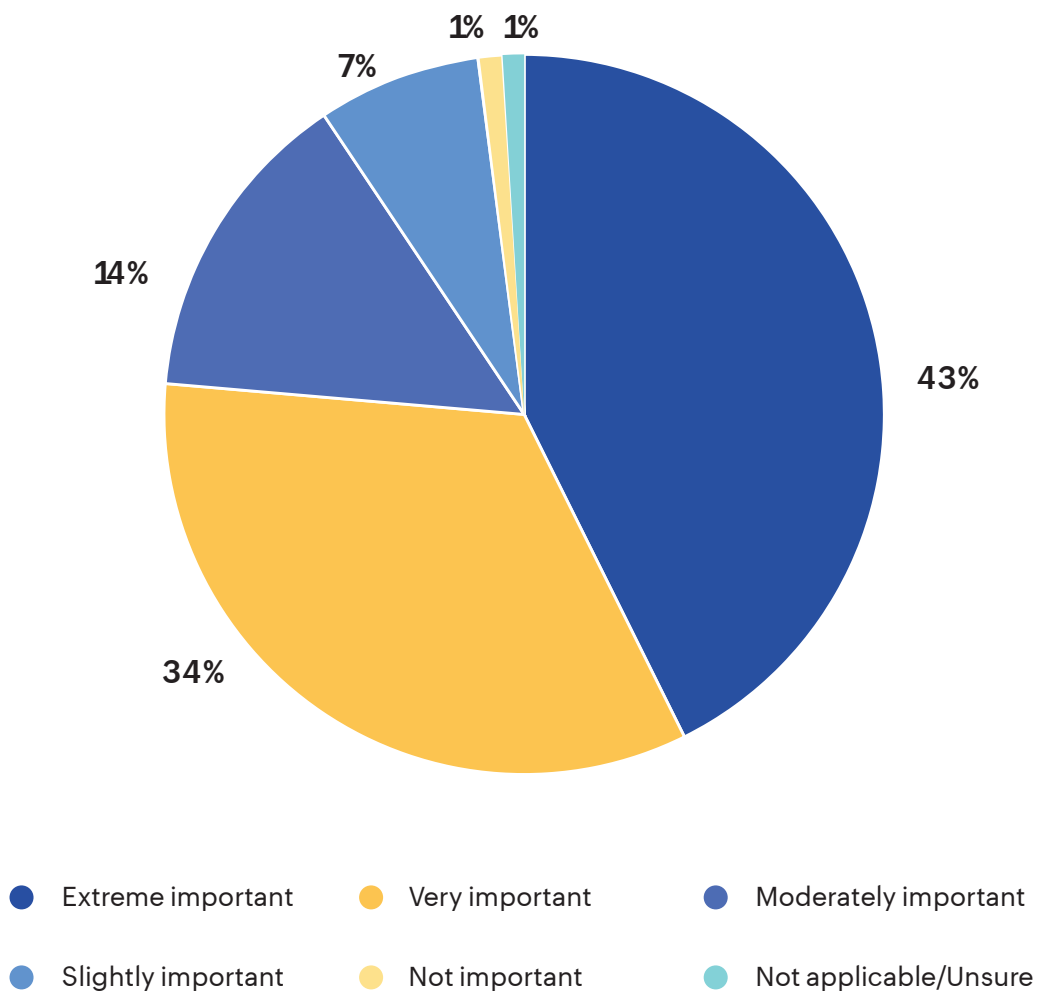
The integration of Contract Lifecycle Management (CLM) tools with other business systems is crucial for streamlining cross-functional workflows, improving overall operations, and driving business growth. According to our survey, as much as **77%** of respondents believe that seamless integration with other business systems is crucial.

In the buy-side CLM process, integrations are focused on improving the efficiency of the procurement process, risk mitigation, and ensuring better vendor relationships.

- Integration with Enterprise Resource Planning **(ERP)** systems helps synchronize contract terms with procurement data, purchase orders, and invoices. This integration ensures accurate financial forecasting and timely payments, reducing the risk of discrepancies between the contract terms and actual procurements.

- Supply Chain Management **(SCM)** integration provides end-to-end visibility over supplier contracts, helping procurement teams reduce manual bottlenecks in supplier onboarding, monitor contract performance, and ensure compliance with agreed terms.

In the sell-side CLM process, integrations aim to improve sales operational efficiency, ensure faster revenue recognition, and enhance customer relationships.

- Integrating Customer Relationship Management **(CRM)** systems helps sync customer data in the CLM tool, aiding faster and more accurate contract drafting and execution.

- Configure Price Quote **(CPQ)** tools integration helps align sales quotes with contract terms.

- Integrating with Professional Services Automation **(PSA)** tools helps service providers manage project timelines, allocate resources, and billing based on contract terms.

Effective utilization of these integrations significantly improves the efficiency of the CLM process and contribute to overall organizational performance.

77% of the respondents perceive the integration of their CLM tools with other business systems as crucial.

Future improvements needed in CLM

(Multi-select)

Legend:
- Process automation
- Obligations management
- Post-execution management
- Integration with other systems
- Data security
- Compliance and risk mitigation
- Other

Bar values:
- 40%
- 34%
- 35%
- 36%
- 47%
- 24%
- 1%
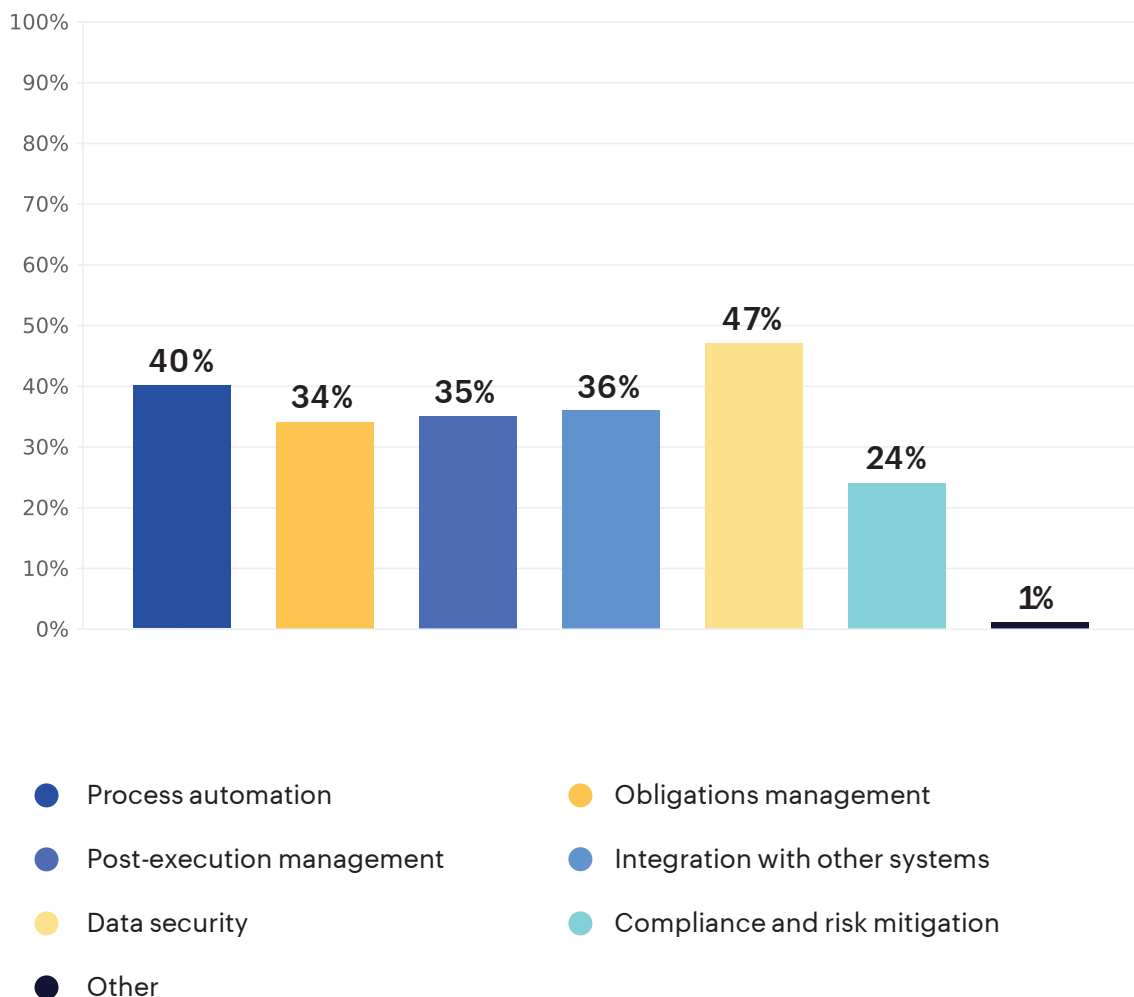
The survey revealed that **data security** is the top priority for respondents, reflecting growing concerns over safeguarding sensitive contract information. Organizations are increasingly seeking robust encryption, granular access controls, and technologies like blockchain to ensure compliance with stringent data protection regulations and foster trust across stakeholders.

Another critical area of focus is **process automation**, as businesses aim to streamline workflows and reduce manual intervention. Enhancing automation capabilities, such as incorporating AI-driven suggestions in contract drafting, approval routing, and automating post-execution processes like renewals, can significantly boost efficiency, minimize errors, and mitigate risks.

Respondents also highlighted the need for **better integration with other systems**, emphasizing the importance of seamless data flow between CLM tools and platforms like ERP, CRM, and procurement systems. Organizations should also consider expanding the integration capabilities to include advanced APIs so that contract data flows across relevant systems without disruption.

Managing contractual obligations and mitigating compliance risks remain pivotal. Advanced features like proactive obligation tracking, AI-powered risk assessment, detailed audit logs, and post-execution analytics can help organizations extract maximum value from their contracts while staying ahead of regulatory requirements.

> *Organizations are prioritizing process automation, seamless system integrations, and compliance to transform their contract management processes. Leveraging AI-driven automation, strengthening compliance tracking, and expanding API capabilities will be key to building a future-ready CLM system.*

Rishi Ganiswaran,
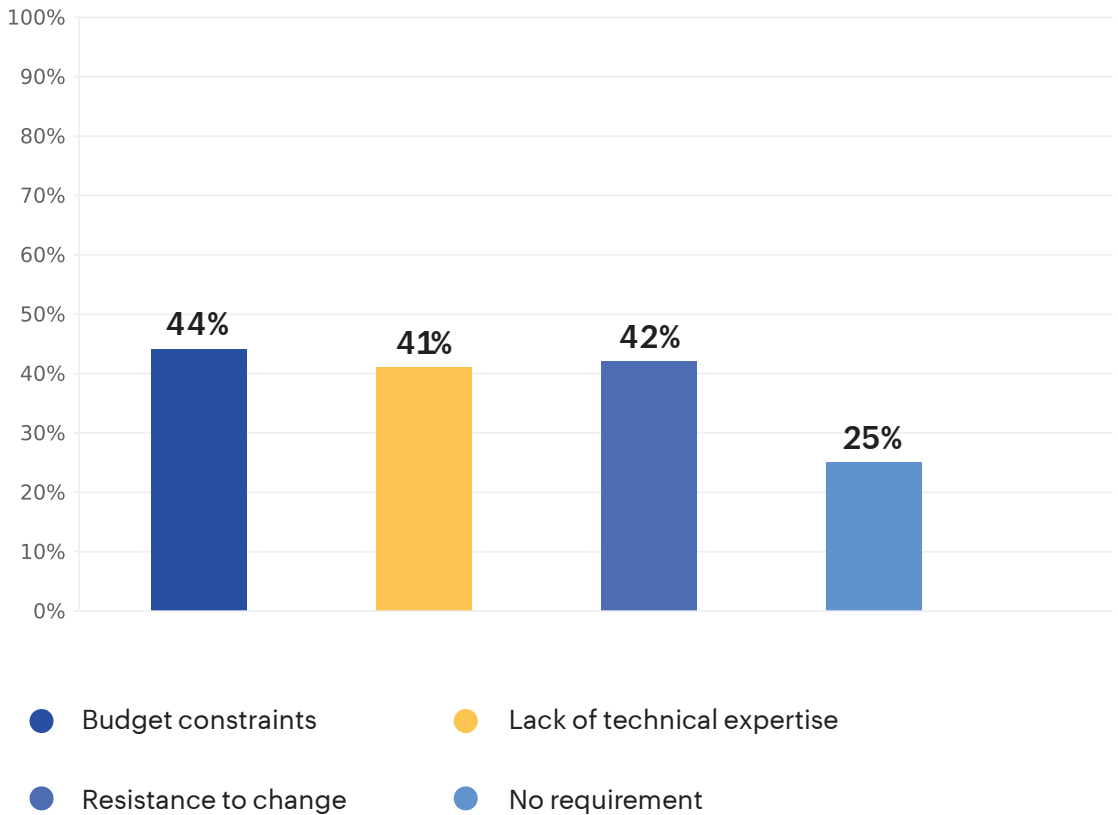Head of Legal (Technology) and
Group Chief Privacy Officer, Yinson Group

47% of the respondents felt that the data security feature in their current CLM tool needed improvement.

Barriers to adopting CLM solutions

(Multi-select)

● Budget constraints	● Lack of technical expertise
● Resistance to change	● No requirement

Bar values: 44%, 41%, 42%, 25%

Budget constraints (44%) often arise because legal teams struggle to justify the investment in CLM technologies. These systems are seen primarily as compliance and risk-mitigation tools. However, this view overlooks the substantial commercial and business value that these systems can provide. Organizations can use readily available online tools like an ROI calculator that will help them quantify the potential benefits of using such solutions.

> "
>
> *To secure budget approval for CLM software, it's crucial to demonstrate its ROI by highlighting how it prevents revenue leakage and reduces penalties, thereby enhancing compliance and the organization's reputation. This shows how CLM contributes to more ethical and efficient business practices, convincing leaders of its value.*
>
> **Sopin Peerzade,**
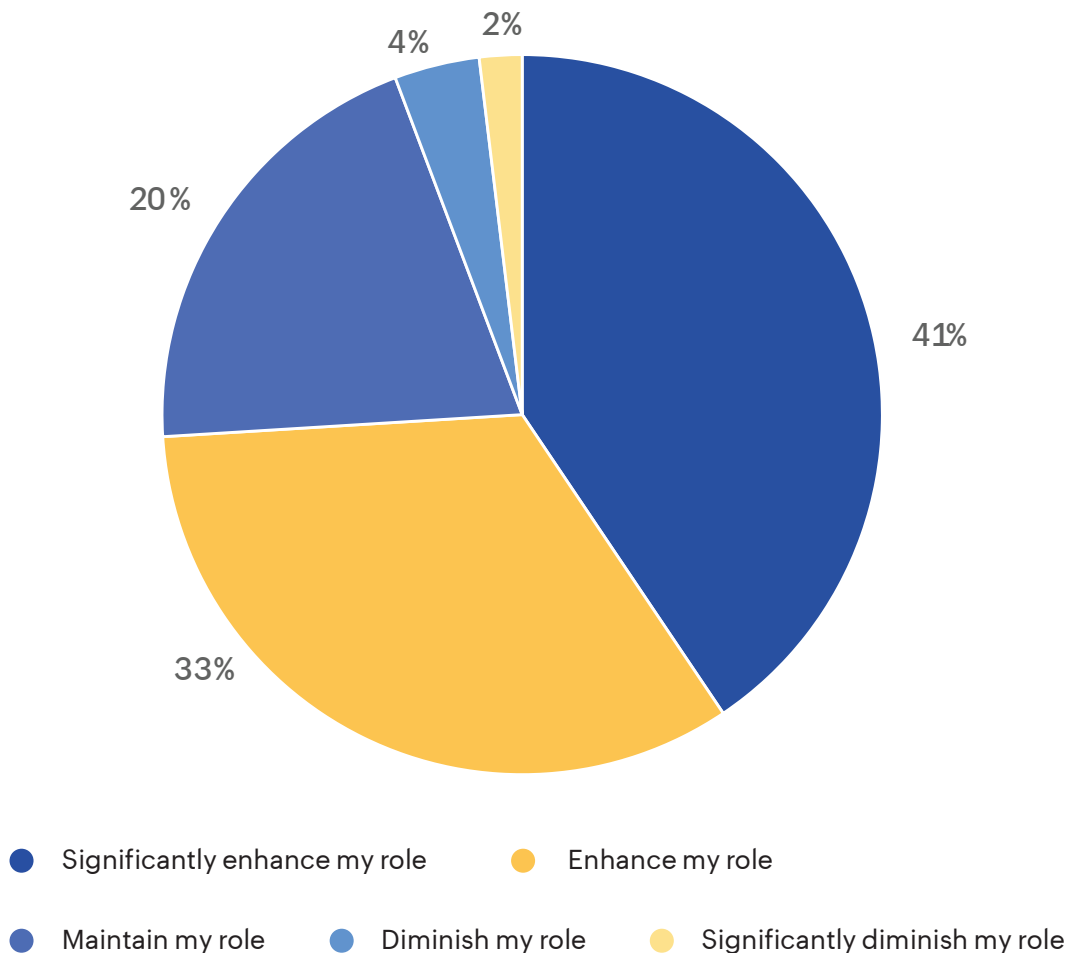> Head of Legal, DuPont India
>
> ◀ **DUPONT** ▶ ™

Another significant barrier is the perceived **lack of technical expertise** (41%) required to implement and use CLM technologies. Many contract management professionals believe that extensive technical skills are necessary to operate these systems. In reality, modern CLM solutions are designed with user-friendliness in mind, requiring minimal technical knowledge.

Resistance to change (42%) is a common challenge across many organizations. Employees often become comfortable with legacy systems and are reluctant to transition to new technologies. This resistance can hinder the adoption of CLM solutions despite their potential to enhance productivity and streamline contract management processes. Acknowledging this resistance is the first step towards overcoming it.

44% of the respondents consider budget constraints as the primary barrier to adopting CLM solutions.

Perceived impact of technology on job roles in CLM

- 4%
- 2%
- 20%
- 41%
- 33%

- ● Significantly enhance my role
- ● Enhance my role
- ● Maintain my role
- ● Diminish my role
- ● Significantly diminish my role

74% of the respondents believe that technology will enhance their job roles in CLM.

However, it is important to address the concerns of the **6%** who fear that technology might diminish their roles. These individuals are apprehensive about potential job displacement and the declining relevance of their skills as technology advances. Organizations must make them realize that these tools are not meant to replace human expertise but to complement it and that AI serves as a co-pilot, assisting professionals rather than taking over their roles entirely. Providing opportunities for upskilling and a supportive work environment will be critical as teams embark on this journey.

This transition requires thoughtful leadership. Leaders must find a balance between leveraging technology to enhance productivity while fostering a culture that values and develops human potential.

Conclusion

The survey data highlights the significant role of Contract Lifecycle Management (CLM) tools in enhancing business operations. We see a growing trend towards the adoption of CLM tools. Their ability to save time, minimize risks, and improve governance are some of the key reasons. Despite these positives, several challenges persist that hinder their adoption, including budget constraints, resistance to change, and a lack of technical expertise.

Recommendations

For businesses not yet using CLM software:

Identify your level of CLM maturity:

Before implementing a solution, map out where your organization stands in terms of maturity. This will help you identify specific gaps that a CLM tool can address, such as automating manual processes or enhancing compliance tracking.

Plan a phased roadmap:

Plan a phased roadmap: Start with foundational capabilities like contract storage and searchability, then progress to workflow automation and reporting as your processes evolve.

Secure leadership buy-in:

Explain how climbing the CLM maturity curve—starting from basic organization to strategic enablement—will unlock measurable business benefits, including risk reduction, time savings, and minimized revenue leakage.

Start small before expanding:

A pilot program is an excellent way to address foundational gaps and demonstrate progress on the maturity curve. Success at this level can justify broader adoption and the gradual introduction of advanced features.

For businesses using CLM software:

Improve your CLM maturity:

Evaluate your organization's position on the CLM maturity curve—whether foundational, operational, or strategic. Use this understanding to identify gaps in your current practices and prioritize improvements.

Make the most of existing tools:

Analyze how your CLM software is being used and identify underutilized features. Increasing maturity often involves unlocking advanced capabilities such as workflow automation, analytics, or AI-driven insights.

Focus on training and development:

Continuous training is essential to equip your team to handle more complex workflows, integrations, or data-driven decision-making that come with higher maturity levels.

Track and measure performance:

Regular audits and performance measurements help to evaluate and improve the efficiency of your contract management processes and mitigate business risks.

For CLM solution providers:

Customizable solutions:

Offer solutions that are adaptable to the diverse needs of various industries to increase applicability and user satisfaction.

Comprehensive support and training:

Provide thorough support and training resources to facilitate user adoption and optimize the utilization of CLM tools.

Focus on integration capabilities:

Enhance the integration capabilities of CLM tools with other business systems to ensure a seamless flow of data across platforms.

Addressing barriers:

Financial planning for CLM:

Businesses should allocate budgets for CLM, including tools, training, and process optimization. As the legal landscape changes, CLM is evolving from a cost center into a strategic asset that drives efficiency and compliance.

Adapting to a dynamic legal landscape:

With regulations becoming more complex, there is heightened focus on compliance. It has become increasingly crucial for businesses to stay agile and mitigate risks.

Effective change management strategy:

A clear plan is crucial for overcoming resistance to change and successful CLM technology adoption. This includes securing leadership buy-in, engaging stakeholders, and maintaining transparent communication.

Future outlook and continuous improvement:

Stay informed on CLM advancements:

Businesses should keep abreast of advancements in CLM technologies, including potential integrations with artificial intelligence and machine learning.

Cultivate a continuous improvement culture:

Adopting a culture focused on continuous improvement and innovation in contract management practices is crucial.

Proactive technology integration:

Actively seek opportunities to integrate CLM tools with emerging technologies for enhanced decision support and strategic advantages.

By addressing these recommendations, businesses and solution providers can better navigate the complexities of modern contract management and position themselves for future success in an increasingly regulated and global market.

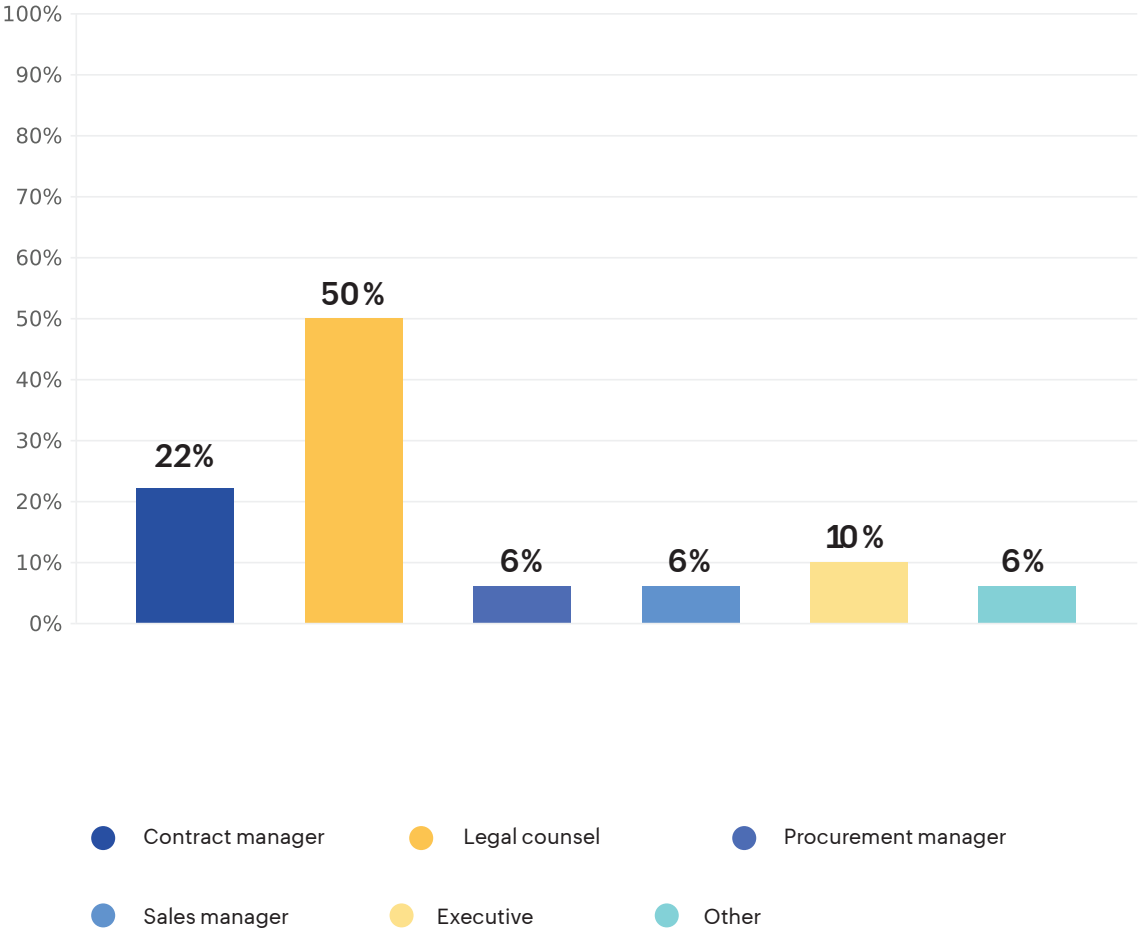# Respondent information

1151
Total respondents

352
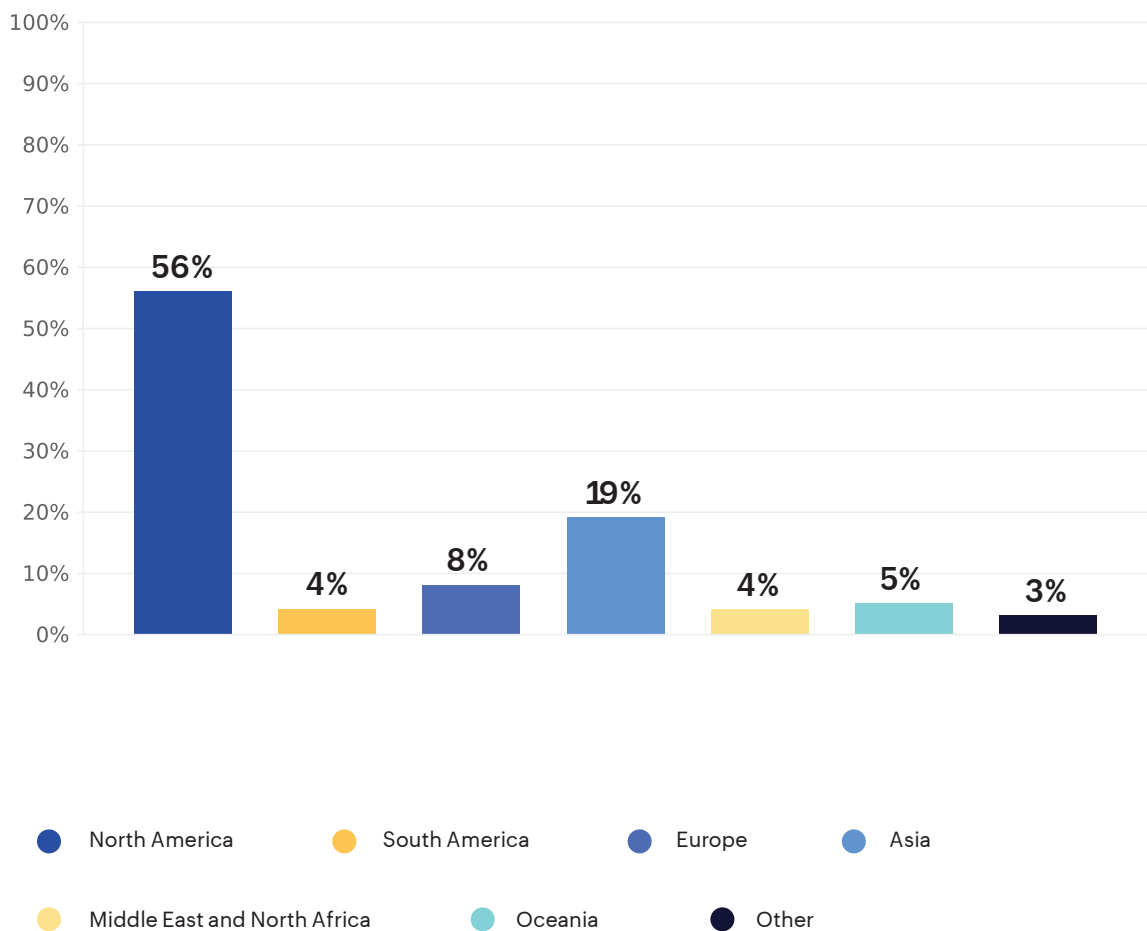Respondents who use CLM tools to manage their contracts

799
Respondents who did not use a CLM tool to manage their contracts

Demographic composition by professional role

Chart — Demographic composition by professional role:
- Contract manager: 22%
- Legal counsel: 50%
- Procurement manager: 6%
- Sales manager: 6%
- Executive: 10%
- Other: 6%

Legend:
- Contract manager
- Legal counsel
- Procurement manager
- Sales manager
- Executive
- Other

Geographic distribution of the respondents

56%	4%	8%	19%	4%	5%	3%

Legend:
- North America
- South America
- Europe
- Asia
- Middle East and North Africa
- Oceania
- Other

About
Zoho Contracts

Zoho Contracts is a comprehensive CLM solution that allows you to manage the entire contract lifecycle without having to toggle between multiple applications. Our cloud-based, feature-rich platform comes with an easy-to-use interface that simplifies complex contract processes.

Key features include:

Built-in document editor with advanced document assembly capabilities

Predefined templates and the ability to create custom templates

Real-time collaboration capabilities

Approval workflow management; both sequential and parallel

Controlled access to counterparties via password-protected links for contract documents

Redlining, contextual comments, and version control features for negotiations

Contextual obligations module at an individual contract level with reminder alerts

Smart letter templates for amendments, renewals, extensions, and termination letters

Native e-signature capability

Centralized contract repository

Audit-trail and access control

Advanced data protection settings

Ready to streamline your contract management process?

Try Zoho Contracts today to experience seamless contract lifecycle management in one integrated platform. Start your free trial now or schedule a demo to see Zoho Contracts in action!

ZOHO

zoho.com/contracts