

# Covad Communications Counts on Selectica for Effective Contract Management

Covad Communications Group, Inc. is a leading nationwide provider of integrated voice and data communications, offering DSL, voice over IP, T1, broadband wireless, Web hosting, and managed security services. The company owns and operates one of the largest national broadband networks and provides high-bandwidth access for telecommunications services providers such as AT&T, EarthLink, Verizon, Megapath, Best Buy/Speakeasy, and United Online.

As the company has grown over the years, so too has the number and complexity of its business relationships. Today, Covad has contractual relationships with well over 500 vendors, 300 wholesale partners, and more than 1,500 sales agents. It also provides services under the Covad brand and through wholesale partners to over 500,000 end users. In addition to standard online agreements, these relationships are codified in almost 10,000 active contracts that will be efficiently and cost-effectively managed with Selectica Contract Lifecycle Management.

“We decided to implement the Selectica solution to ensure that we have clear corporate visibility and access to all contracts, enterprise wide,” says Thaddeus G. Stephens, Covad’s Vice President, Legal and Corporate Affairs. “The solution will empower our department to effectively manage risks, quickly resolve customer issues pertaining to contract clauses, and rapidly respond to audit requirements. In addition, it will speed contract approval processes, and delivers business units the contract reporting capabilities they need to optimize their bottom line performance.”

## Addressing a Host of Contract Management Issues with Selectica Contract Lifecycle Management

The contract management environment at Covad was not always this efficient. Just a few years ago, there was no centralized contract management capability; sales departments in each region handled their own sales contracts, and each business unit managed its own procurement activities. As a result, resolving contract-related issues that needed assistance from the legal department took extended periods of time while contracts were retrieved—and all too often they couldn’t be found. This forced the legal department into the uncomfortable position of having to ask the customer or supplier for their copy of a contract. Furthermore, business units had no easy way of determining when contracts were about to expire or auto-renew. This led to situations where contracts the company wanted to terminate, auto-renewed, and ones they wanted to renew, expired.

In addition, without an easy way to access contracts, Covad wasn’t able to effectively manage contractual commitments. While Covad was skilled at negotiating benefits into contracts, it realized it was falling short in realizing the value of those benefits.

“We eventually recognized that our real problem was a lack of clarity about who was responsible for what, and when,” Stephens says. “And that’s when we realized the importance of centralizing our contract management processes.”

## Enabling the Legal Department to Gain Greater Control

“All contracts require legal approval,” Stephens explains, “so it made sense for the legal department to be the focal point for the contract management process.”



### Customer Success Story

#### Challenge:

Establish clear corporate visibility and access to all contracts, enterprise wide

#### Solution:

Selectica Contract Lifecycle Management

#### Benefits:

- Empower Covad’s legal department to effectively manage risk
- Quickly resolve customer issues pertaining to contract clauses
- Rapidly respond to audit requirements
- Expedite contract approval processes
- Deliver to business units the contract reporting capabilities they need to optimize bottom-line performance

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*Thaddeus G. Stephens  
Covad’s Vice President  
Legal and Corporate Affairs*

**“With pre-approved alternative contract clauses, we will be able to have more consistent terms across our contracts and will be able to empower sales to close contracts faster.”**

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### **About Selectica, Inc.**

Selectica (NASDAQ: SLTC) SaaS and on-site solutions automate the Global 2000's most complex business processes to help companies boost revenue, cut costs, and eliminate risk. Selectica Contract Lifecycle Management software enables companies to manage the entire contract lifecycle: from contract request, authoring, negotiation, and approval, through contract execution, on-going obligations management, amendment, and renewal. To find out more, visit [www.selectica.com](http://www.selectica.com) or call 1(877) 712-9560.

Initially, Covad launched this paradigm shift by creating a central repository for all contracts that was accessible only by the legal department, but it soon became obvious that the company's first paper-based repository wasn't up to the task of enabling fast and easy access to any contract by any stakeholder. The situation only improved slightly when the legal department created a PDF-based repository.

What the company really wanted was the ability to enable any authorized employee to search the contract repository by date, customer, supplier, clause, or any other parameters. While the legal department considered creating a “home brewed” system, it quickly became clear that they didn't have the time or expertise to manage an ad hoc database program.

### **Providing Sophisticated Reporting and Aiding in SOX Compliance**

In addition to a robust centralized repository that any authorized internal user could access, Covad also wanted the repository to be accessible and searchable by auditors to aid in its Sarbanes-Oxley control requirements. This would facilitate auditing and compliance without affecting the day-to-day productivity of the legal staff.

Another requirement was robust reporting. Specifically, Covad wanted to be able to automatically generate reports on contract expiration dates so they could have an adequate time to evaluate whether to renew, re-negotiate, or cancel a particular contract. Also high on their list was the ability to generate reports that would help determine if contract clauses were being leveraged. “In our procurement contracts we always try to negotiate discounts for early payments,” Stephens explains. “But unless we can identify those deals, and support our claims with actual contract clauses, the company can't readily take advantage of the benefit.”

To ensure that certain standard clauses were included in all procurement contracts, Covad also wanted to establish a library of clauses that could provide negotiating guidelines, enabling business owners to obtain the best deals possible. Covad also wanted to extend this clause standardization to all contracts, enabling its sales personnel to create contracts with pre-approved alternative language, and to streamline approval processes. “With pre-approved alternative contract clauses, we will be able to have more consistent terms across our contracts and will be able to empower sales to close contracts faster,” Stephens says.

### **Choosing the Right Solution: Selectica Contract Lifecycle Management**

To identify the right solution, Covad initiated an RFP process in which it initially evaluated 15 vendors. This group was narrowed down to three competitors, and of this group, Selectica was the clear winner.

“This sale was based on two factors: functionality and trust,” Stephens says. “We were convinced that the Selectica solution would meet all of our current and future functional requirements because of their approach to us in the sales cycle. The company stood apart from its competitors in their candidness, demonstrating to us what their solution offered and openly addressing areas where we had concerns. In each of these cases, our Selectica sales team went back to their technical staff and came to us with clear answers to our questions that left us convinced this was a company we could trust. By comparison, competing vendors simply tried to convince us that our concerns were unfounded.

“As a result,” he continues, “we were left with the distinct impression that Selectica viewed their customers as partners and, in return for our commitment to them, they would commit to us. Our strong impression at the outset that they would deliver the ongoing enhancements that would enable us to meet our evolving needs, has now been borne out, and we look forward to many years of successful partnership.”