CONTRACT MANAGEMENT OUTSOURCING · PHILIPPINES

# The obligation standard: the executive economics of contract management outsourcing to the Philippines.

An analysis of why contracts turned around is a throughput vanity metric, how obligations captured and risk caught before signature — never review speed — decide the true cost of a CLM operation once missed renewals, leakage, and disputes are counted, and the vendor-selection discipline that keeps every contract actively managed.

AUTHORS

**John Maczynski** — Chief Executive Officer

**Ralf Ellspermann** — Chief Strategy Officer

JUNE 2026

MANILA · ESTABLISHED 2001

# Contents



**ABOUT THIS SERIES — VOLUME 34**

Every contract-management proposal is priced per contract processed, because turnaround is easy to count. This volume is about the only thing a contract portfolio actually needs: every obligation captured, every renewal caught, every risky clause flagged before signature. The gap between processing a contract and actively managing it is where missed renewals, leakage, and disputes live. The full series lives at piton-global.com.

THE PITON-GLOBAL LEADERSHIP TEAM

# About the authors


## John Maczynski

Chief Executive Officer


John has bought contract-management capacity for three decades, and learned that the cheap CLM team that files contracts and forgets them is the most expensive one on the market — because the missed auto-renewal, the un-tracked obligation, and the risky clause nobody flagged all come due long after the invoice. His standing question ignores the turnaround report: of the contracts you processed, how many obligations are actually being tracked to term? Applied at PITON-Global, that question is what clients get on every CLM sourcing decision — personally, with no account layer in between.


j.maczynski@piton-global.com
+1 402-598-8740



## Ralf Ellspermann

Chief Strategy Officer


Ralf has spent twenty-five years building Philippine contract-management and legal-support teams, and he judges a CLM operation by its obligation-capture completeness and risk-catch rate, not its contracts-per-week: what the risk-review gate flags before signature, and what obligations get tracked to term after. The CLM contract in Section 3 codifies what he learned rebuilding teams that processed contracts and let obligations lapse. He now reads CLM providers the way he once ran them — from the missed-renewal log backward.


r.ellspermann@piton-global.com
Manila, Philippines


PITON Global

**ABOUT PITON-GLOBAL**

PITON-Global is a buyer-side advisory practice, Manila-based since 2001, that has never operated a delivery floor or taken a placement commission. Its stock-in-trade is knowing the Philippine provider market at the operating level — 1,000+ mapped operations, re-verified continuously, including each CLM team's real obligation-capture and risk-catch performance rather than its contracts-per-week headline —

and converting that knowledge into a shortlist of six to ten genuinely qualified partners per engagement. Buyers from Tripadvisor, Garmin, TSYS, HealthPartners, Yetipay, Workrise, and Norman Disney & Young have run their searches through the practice.

SECTION 01

# Executive summary

| | | | |
|---|---|---|---|
| **-61%** Fully-loaded cost per actively-managed contract vs. US onshore | **98%+** Obligations and renewals captured on vetted teams, up from 60–75% | **0** Missed auto-renewals on vetted teams, from a costly baseline | **6.3×** First-year ROI, reconstructed case (Section 6) |

A contract-management engagement is bought on the price per contract and paid for on the obligations it lets slip. The vendor reports thousands of contracts processed and filed at a fraction of the onshore cost; the business finds the auto-renewal that locked in another year of an unwanted vendor, the price-escalation clause nobody flagged, the rebate never claimed, and the indemnity term that surfaced only in a dispute. The operation hit its turnaround number and the business inherited a portfolio of contracts no one is actually managing. The gap between processing a contract and actively managing it is where the real cost of cheap CLM hides, because an un-tracked obligation is silent until it is expensive.

The Philippines is where contract management is delivered with the most obligation discipline, because a deep, legally-literate, detail-cultured talent pool can run the risk review and obligation tracking that active management demands. Five findings:

1. **Contracts turned around is the industry's most flattering number.** Any team can process and file a contract. Vetted teams are measured on management: obligations captured, renewals caught, risk flagged before signature. Weak providers quote a low per-contract price the business repays in missed renewals and leakage. Section 2 shows the gap.

2. **The risk-review gate is the product.** Value comes from reading the contract before signature — flagging the auto-renewal, the escalation, the indemnity, the non-standard term — not from filing it after. Teams that gate every contract catch the risk while it can still be negotiated; teams that gate nothing discover it in a dispute.

3 **An un-tracked obligation is a silent liability.** A renewal date nobody watches, a milestone nobody bills, a rebate nobody claims — each costs money precisely because it is invisible until the deadline passes. Vetted teams capture obligations to term above 98% because the tail — the obligation that lapses — is where the loss is.

4 **The missed obligation, not the keystroke, is what costs.** A renewal caught late costs the auto-renewed term, the leakage, and the dispute; a rebate unclaimed is money left on the table — many times the per-contract saving. Teams that hold obligation capture drive missed renewals to zero, and that avoided cost — not the offshore rate alone — is where the case study's return is built.

5 **Contract on the managed obligation, not the processed contract.** The contracting failure of CLM is paying per contract and hoping obligations are tracked. Vetted deals price per actively-managed contract with obligation-capture floors, missed-renewal ceilings, and risk-review gates, making active management the team's problem, which is where it belongs.

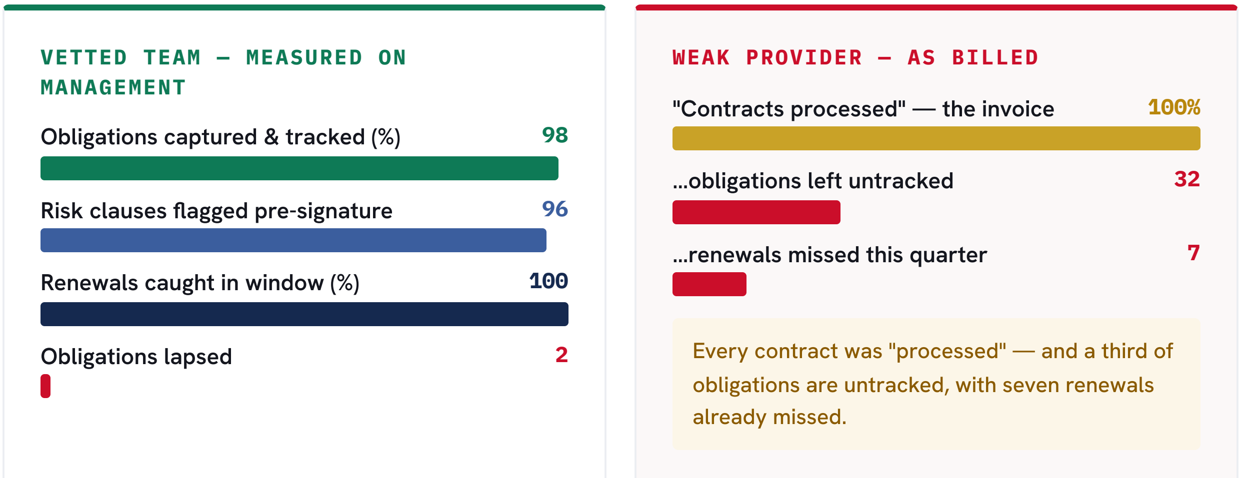
The intended reader is a general counsel, procurement, or operations leader buying contract management per contract and paying for it in missed renewals, leakage, and disputes. Sections 2–4 separate the teams that actively manage contracts from the teams that process them; Sections 5–7, the method and the proof.

SECTION 02

## The turnaround mirage: contracts processed versus obligations captured

Figure 1 shows one quarter of a contract portfolio two ways: as the turnaround report a weak provider bills, and as the obligation-capture reality the business inherits. The contracts-processed number is identical in spirit to a chatbot's containment rate — a figure engineered to look like management while renewals lapse and obligations go untracked.

FIG. 1 — ONE QUARTER OF CONTRACTS: OBLIGATION-CAPTURE QUALITY VS. REPORTED TURNAROUND




Left: PITON-Global engagement instrumentation, 2025–26, obligation-capture audited. Right: composite of pre-engagement vendor reporting reviewed in diligence.

The economics follow the obligation-capture rate, not the turnaround. On the left, ninety-eight percent of obligations are captured and tracked, risk is flagged before signature, and every renewal is caught in its window; on the right, a cheap per-contract price leaves a third of obligations untracked and misses seven renewals in a single quarter, each an auto-renewed term or a lost negotiation. A low per-contract price that lets obligations lapse is not a saving; it is leakage, deferred and compounding. The obligation-capture audit — capture rate, risk-catch, renewals caught — is the cheapest due-diligence instrument in this paper.

SECTION 03

# The CLM contract: the risk-review gate, obligation capture, and the active-management close

Figure 2 lays out the three clauses of a working CLM contract — the machinery a floor read verifies before any per-contract price is believed.

FIG. 2 — THE CLM CONTRACT, AS OPERATED ON VETTED TEAMS

**GATE THE RISK**

Every contract is read against a risk playbook before signature — auto-renewal, price escalation, indemnity, liability cap, non-standard terms — with anything off-standard flagged for counsel. Risk is caught while it can still be negotiated, not discovered in a dispute.

**CAPTURE EVERY OBLIGATION**

Every date, deliverable, milestone, and renewal is extracted into the CLM system with an owner and a trigger, so nothing depends on someone remembering. The obligation register — not the filed PDF — is the deliverable, because a contract you cannot query is a contract you cannot manage.

**MANAGE IT ACTIVELY**

Renewals are surfaced inside the notice window, milestones are chased before they slip, and rebates are claimed when due — with a lapse log fed back into the register. Active management is a running calendar, not an annual scramble, so no obligation goes silent.

↓ yields ↓

**THE ACTIVELY-MANAGED PORTFOLIO**

98%+ OBLIGATIONS CAPTURED | ZERO MISSED RENEWALS | RISK CAUGHT PRE-SIGN

Every obligation is tracked, every renewal caught, every risky clause flagged before it is signed — so the portfolio stops leaking and starts working for the business. The operation gets cheaper per managed contract and more valuable at the same time, which is the entire promise of outsourcing CLM to people who measure obligations, not turnaround.

Operating parameters from PITON-Global contract-management engagements, 2025–26.

In diligence, the contract is tested from the portfolio's side: pull a sample of managed contracts and check the obligation register for completeness; verify renewals were surfaced in-window; review how risk clauses were flagged and escalated. Perhaps one team in ten survives it cleanly. Steps 3 and 5 of the framework exist to find that one before the contract does — because everything in Table 3 of Section 6 depends on obligation capture, not contracts processed.

SECTION 04

# Cost and performance: cost-per-managed-

# contract economics and benchmarks

| TABLE 1 — COST PER ACTIVELY-MANAGED CONTRACT / YEAR: THREE OPERATING MODELS (US$, 2026) | | |
|---|---|---|
| OPERATING MODEL | COST / MANAGED YR | VS. US BASELINE |
| US onshore in-house contract-management team | $88 | baseline |
| Low-cost offshore contract-admin mill (per-contract) | $57 | –35% |
| **Vetted Manila team — risk-gated, obligation-tracked** | **$34** | **–61%** |

Basis: PITON-Global engagement pricing 2025–26; actively-managed contract = one with obligations captured, risk reviewed, and renewals tracked for a year; the admin mill looks cheap per contract but missed renewals and leakage cost far more than the gap; US comparator fully-loaded in-house cost.

| TABLE 2 — CONTRACT-MANAGEMENT BENCHMARKS, VETTED VS. BASELINE (2025–26) | | | |
|---|---|---|---|
| METRIC | VETTED TOP TIER | BASELINE | EXECUTIVE READING |
| **Obligations captured & tracked** | 98%+ | 60–75% | The only CLM number that prevents loss |
| **Renewals caught in notice window** | 100% | 78–90% | Every miss is an auto-renewed term |
| **Risk clauses flagged pre-signature** | 96%+ | 50–70% | "Gate the risk" — negotiated or disputed |
| **Contract-value leakage** | <0.5% | 2–4% | Value out the door that never returns |
| **Metadata / register accuracy** | 99%+ | 85–92% | A queryable portfolio, or a filing cabinet |

Source: PITON-Global contract-management engagement data 2025–26; baseline = typical pre-engagement operations billed on contracts processed.

The strategic read: the admin mill's –35% per contract is a false economy — missed renewals, leakage, and disputes cost the business far more than the per-contract gap saves, and an auto-renewed unwanted contract can cost a full year's spend. The vetted Manila team's –61% is real because it is measured where the value is: obligations captured, risk caught, renewals tracked. Buy on contracts processed and you buy the right column of Figure 1; buy on cost-per-managed-contract and you buy active management — the same discipline every volume in this series keeps arriving at from a different door.

SECTION 05

## Sourcing discipline: the 7-Step Vendor Vetting Framework, applied to CLM operations

CLM diligence adds one hard requirement to every step: a per-contract price is real only when the obligation capture behind it survives a register-completeness audit. The funnel below is representative of a 15–35-seat contract-management search.

| | STEP | WHAT IT ELIMINATES IN A CLM SEARCH | FIELD REMAINING |
|---|---|---|---|
| 1 | **Requirements definition** | Turnaround-first scoping: fixes the obligation-capture floor, the missed-renewal ceiling, the risk-review gate, and the register-accuracy standard the portfolio must meet | 1,000+ |
| 2 | **Market mapping** | Contract-admin mills: operations that bill turnaround and treat obligations as the client's problem, and generalist floors with no CLM-platform or legal-literacy depth | ~40 |
| 3 | **Capability screening** | Teams without the machinery: audited obligation-capture history, a risk-review gate with counsel escalation, CLM-platform fluency, and a root-caused lapse log | ~11 |
| 4 | **Compliance & security audit** | Weak data governance: contract-confidentiality and counterparty-data protection, access controls on the CLM store, retention discipline, SOC 2 scope covering the CLM stack | ~8 |
| 5 | **Operational diligence** | The register read: pull managed contracts and check obligation-register completeness; verify renewals were surfaced in-window; interview the team on how they flag a non-standard clause | 4–6 |
| 6 | **Competitive RFP & negotiation** | Per-contract pricing: finalists bid per actively-managed contract with obligation-capture floors, missed-renewal ceilings, and risk-review gates — all carrying credits for a lapsed obligation | 2–3 |
| 7 | **Transition & launch governance** | Cold migration: the team back-captures the existing portfolio's obligations to current before it owns the register, with the capture floor certified before steady state, PITON-Global embedded buyer-side | 1 |

FIG. 3 — THE 7-STEP FRAMEWORK AS A CONTRACT-MANAGEMENT FUNNEL

Field-remaining counts represent a 15–35-seat contract-management search, PITON-Global engagements 2024–26.

The standing guarantees hold: **vendor neutrality** — PITON-Global operates no CLM floors, manages no registers, and takes no placement economics, so the shortlist reflects audited obligation-capture and risk-catch performance, not inventory; **right-sizing** — teams for whom your portfolio is a flagship account. Six to ten genuinely qualified providers, delivered within 48–72 hours, free to the buyer, competing through a fully transparent, fair, comprehensive, and highly competitive RFP.

SECTION 06 · ANONYMIZED CASE STUDY

# Re-basing the operation on obligation capture: a 28-seat CLM rebuild, reconstructed

Engagement CM-037 is a US enterprise with a large procurement and vendor portfolio — roughly 14,000 active contracts — that had offshored contract administration to a per-contract vendor. The processing price was excellent; the management was not: barely two-thirds of obligations were tracked, auto-renewals slipped through routinely, and a handful of unflagged clauses had turned into disputes. The general counsel wanted the arbitrage and a portfolio that was actually managed. Identifying details are anonymized under NDA.

### SELECTION (WEEKS 0–8, REGISTER READS)

Requirements fixed a 98% obligation-capture floor, a zero missed-renewal target, and a 95% risk-flag rate, with a mandatory risk-review gate. Mapping produced 39 claimants; the machinery screen — audited capture history, risk gate, CLM-platform fluency — left 11; the data-and-compliance audit left 8. Register-completeness reads on each finalist's managed contracts shortlisted 5. A Manila team won at a $31 blended per-managed-contract rate, with an obligation-capture audit written into the reporting spec.

### TRANSITION (MONTHS 2–7, BACK-CAPTURE FIRST)

The team back-captured the existing portfolio's obligations to current before owning the register; the risk-review gate and capture floor were certified in month 3. The lapse log fed the register from day one, and renewal surfacing went live immediately. By month 7 obligation capture reached 98.3%, missed renewals fell to zero, risk clauses were flagged pre-signature at 96%, and the register became queryable across the portfolio. PITON-Global chaired the obligation review board to steady state.

| TABLE 3 — CM-037 FIRST-YEAR VALUE BUILD-UP (US$) | | |
|---|---|---|
| VALUE COMPONENT | YEAR 1 | BASIS |
| Labor arbitrage on the 28-seat CLM operation | $0.81M | 52.5k productive hrs × ($26.20 – $10.80) |
| Missed-renewal & auto-renewal loss avoided (0 missed) | $0.94M | Avoided auto-renewed unwanted terms and re-negotiated spend |
| Rebates & entitlements recaptured | $0.34M | Volume rebates and credits claimed that previously lapsed |
| Dispute & risk-exposure avoidance | $0.22M | Avoided disputes from clauses now flagged pre-signature, conservative |
| **Gross value created** | **$2.31M** | |
| Less: engagement & transition costs | ($0.37M) | Back-capture, register migration, CLM-platform integration; advisory fee $0 (provider-paid model) |
| **Net value ÷ cost = first-year ROI** | 6.3× | $2.31M ÷ $0.37M |

Figures rounded; capture, renewal, and rebate effects audit-verified. Method in Methodology & notes.

Thirty-five percent arbitrage, sixty-five percent from avoided renewal loss, recaptured rebates, and averted disputes — a value-heavy split for the series, earned because the operation was re-based on obligation capture rather than turnaround. Every line traces to a diligence step: the capture floor to Step 1, the per-managed-contract pricing to Step 6, the risk-review gate to Step 3's contract. The general counsel's line at the year-one review: "The processing price barely moved. What moved is that nothing slips through anymore."

SECTION 07

# The executive playbook: governance for the first 180 days

A CLM transition succeeds when the team is measured and paid on obligation capture and active management — client in command throughout.

| | |
|---|---|
| **DAYS 0–30**<br>**Define management, contract on it** | Set the obligation-capture floor, the missed-renewal ceiling, and the risk-flag rate with legal and procurement before launch, and document the risk playbook. Contract per actively-managed contract — never per contract processed — with floors and gates carrying credits. Stand up the obligation-capture audit as the program's arbiter of truth. |
| **DAYS 30–90**<br>**Back-capture, certify the register** | Back-capture the existing portfolio's obligations to current before the team owns the register; certify the risk-review gate and capture floor. Switch on the lapse log feeding the register from day one. Publish the obligation dashboard: capture rate, renewals caught, risk-flag rate, leakage, register accuracy. |
| **DAYS 90–180**<br>**Own the register, certify steady state** | Hand the register to the team only after it holds the capture floor and clears a renewal cycle with zero misses. Review the obligation board monthly with the lapse log on the table. Certify steady state on two quarters at floor including a renewal-heavy window; hand over on documented criteria; keep the quarterly register audit standing. |

**THE FIVE FAILURE MODES WE ARE HIRED TO PREVENT**

Paying per contract while obligations go untracked · filing contracts without a risk-review gate · a renewal calendar nobody watches · leakage and lapsed rebates no one measures · owning the register before obligation capture is proven. All five are settled at selection and contract.

The contract-management argument, in one sentence: a processed contract is activity and a captured obligation is protection, and a vetted Philippine team delivers −61% per managed contract with 98%+ obligations captured and zero missed renewals — for buyers who audit the obligation register instead of counting turnaround, and compete the finalists through a fully transparent, fair, comprehensive, and highly competitive RFP. Anyone can file a contract. We make sure you buy the team that manages it.

METHODOLOGY & NOTES

## How the numbers were built

**Obligation-capture and renewal figures** (Fig. 1, Table 2) derive from engagement instrumentation in PITON-Global contract-management engagements, 2025–26. Obligation capture counts contractual dates, deliverables, and renewals extracted with an owner and trigger; risk-flag rate is measured against the client's risk playbook. The weak-provider column is a composite of pre-engagement vendor reporting reviewed in diligence, shown for contrast.

**Cost-per-managed-contract figures** (Table 1) are fully loaded — wages, benefits and statutory charges, facilities, technology and CLM-platform tooling, management and QA overhead including risk reviewers, attrition-driven recruiting — net of rework; US comparators reflect fully-loaded in-house cost on the same basis. An actively-managed contract is one with obligations captured, risk reviewed, and renewals tracked for a year.

**The case study** (CM-037) is anonymized under NDA; volumes and dates are generalized, figures rounded. Capture, renewal, and rebate effects are audit-verified; the dispute-avoidance line is a conservative estimate, not a booked saving. ROI = net first-year value ÷ all engagement-related client costs. PITON-Global's advisory fee is provider-paid and appears at $0 in the client cost base; neutrality safeguards are documented at piton-global.com.

**Market context** draws on IBPAP reporting and PITON-Global's proprietary provider mapping (1,000+ operations; CLM obligation-capture and risk-catch performance re-verified May 2026). Estimates and projections are PITON-Global analysis and should be cited as such. The full series is available at piton-global.com.

**Would your provider's per-contract price survive a register-completeness audit?**

Thirty minutes with John will tell you. Free to buyers, strictly vendor-neutral — an obligation-verified shortlist within two to three business days.

j.maczynski@piton-global.com
+1 402-598-8740