Coupa

Sonic Automotive™

Industry:
Automotive Dealerships

Geographies:
North America

Challenges:
- Unrealized Benefits from Sourcing
- Inefficient Contracting
- Lack of Visibility into Contracts
- Lack of Visibility into Spending

Solutions:
- Strategic Sourcing
- Contract Lifecycle Management
- Suppliers & Risk
- Procurement
- Invoicing

Results:
- Systematic Realization of Sourced Pricing and Terms
- Streamlined Wizard-Based Contracting
- Visibility into Contracts and Terms
- 78% of Spend Pre-Approved

Sonic Automotive Extends BSM Strategy to Digitize Contract Management

Based in Charlotte, North Carolina, Sonic Automotive, Inc. is a Fortune 500 company and one of the nation's largest automotive retailers. Sonic operates 84 franchise dealerships representing over 20 brands, as well as EchoPark Automotive, which provides a haggle-free buying experience for low mileage pre-owned vehicles. With 19 locations and more on the horizon, the growth of EchoPark Automotive has been so rapid that the Company's procurement and legal teams quickly realized they needed digital transformation for managing contracts. While purchasing and sourcing had already been successfully digitized, manual processes remained in place for negotiating and managing contracts. Sonic's Director of Sourcing Kevin Hensley saw an opportunity to digitize contracting by adding Contract Management to the Coupa Business Spend Management (BSM) platform already deployed at the Company.

Building on Success in Digital Sourcing and Procurement

Sonic's Sourcing and Procurement teams are focused on indirect spend, including corporate functions and everything needed to maintain and expand the Company's retail operations. Sourcing and Procure-to-Pay (P2P) processes are managed digitally, with 78% of spend pre-approved. Digital purchasing ensures the spend visibility and control needed to direct spending onto supplier contracts, and realize the pricing and terms negotiated through sourcing events.

Challenges with Contract Management Hamper Scale

While digitized Sourcing and P2P processes were able to scale with the Company's growth, Sonic's Procurement and Legal teams faced challenges when faced with **double the number** of contracts seen in previous years. Many transactions such as software purchases require legal support in contract negotiations to ensure appropriate risk mitigation. The Company didn't have a digital process for contracting; instead they drafted contracts manually, approved over email, and stored executed documents on shared drives. This manual process led to:

Inefficient Contracting and Delays: Manual processes slowed collaboration between Procurement, Legal, and suppliers in negotiating and signing contracts. Any delays or mistakes affected the actual value delivered to the business from Sourcing and Procurement.

Lack of Visibility into Contracts: Whenever the business needed to understand a supplier agreement, they had to go to the Procurement team member responsible for the supplier. Business partners didn't always know who was responsible for a given supplier, which created another roadblock to receiving timely information. Multiple agreements—with multiple amendments negotiated over time—had to be reviewed to understand the prevailing terms in place.

Contracts: The Next Step in Digital Transformation

Sonic's Sourcing Director Kevin Hensley realized that digitizing contracting as part of the end-to-end BSM process would address the challenges that Sonic faced, from accurately transferring sourcing results into a contract to ensuring that those benefits would be fully realized. Because contracting is a collaborative process, Kevin included teammates from the Legal team in the project from the beginning. The project would replace the Microsoft Word and email-based collaboration across the Procurement team, Legal team, and suppliers.

Twelve Weeks to Results in Digital Contracting

Sonic sought the help of a consulting partner with expertise in Coupa implementation to implement the contract management functionality. Through this partnership, Sonic was able to digitize contracting by adding Contract Lifecycle Management (CLM) to their BSM deployment in just twelve weeks, resulting in:

Streamlined Contracting: Users now have an easy-to-use "wizard" experience to draft all new contracts. After a sourcing event, it's much faster to get all the appropriate terms in place, including the details of supplier bids, and digitally route contracts for approvals and signatures on both sides. All counterparties receive a consistent experience, and that consistency is reflected in the look and feel of the actual contracts. All types of contracts are managed, from simple non-disclosure agreements to the most complex, including contracts on counterparty paper.

> " Coupa CLM proved to be a big win for IT, Procurement, and Legal— we were able to complete a critical contract in weeks that would have taken months to negotiate before. "
>
> – **Kevin Hensley**, Director of Sourcing, Sonic Automotive, Inc.

Visibility into Contracts: The central contract repository gives Sonic's business users and Procurement one place to go to understand all current agreements. There's no longer a need to figure out which teammate worked on the relationship to understand what's in contract. Multiple contracts are automatically analyzed by the system to provide a "prevailing terms" view, incorporating the effects of all amendments into the broader agreement.

Realize Contract Value: The contract repository is part of the same Coupa BSM solution as Sonic's solutions for Sourcing, Procurement, and Invoicing, so the Company is much better at realizing all the benefits they've negotiated. No longer is there potential for valuable aspects of supplier bids to be overlooked. By channeling spend to negotiated contracts and automatically validating invoices against contracted pricing, Sonic has established a closed-loop system to maximize the value of their Procurement and Sourcing efforts.

Continuing to Drive Digital Adoption

The Sonic Automotive team is constantly evaluating adoption and efficiency KPIs and benchmarks in the Coupa platform to identify opportunities to reduce inefficiencies and to further digitize processes.

To see more Success Stories, **visit coupa.com/results**