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RESEARCH NOTE

ASSESSING THE BENEFITS OF ELECTRONIC SIGNATURES: DOCUSIGN

THE BOTTOM LINE

Electronic signatures can accelerate the contract execution process while improving consistency and quality. DocuSign enables companies to adopt electronic signatures to streamline contracting while reducing costs. Deployed properly, DocuSign can deliver payback in fewer than six months.

The DocuSign electronic signature platform supports auditable electronic signatures that can be embedded in existing documents and accessed and signed via a Web browser. Features include:

- ESIGN compliance
- Automated reminders, expiration, and authentication
- Workflow, routing, and audit trail capabilities

DocuSign is delivered as software-as-a-service (saas) and is available in three versions: Basic for simple signature capabilities; Standard with collaboration, forms, and customization and branding capabilities; and Enterprise with document management and API integration.

This research note explores the business case for electronic signatures, the benefits of DocuSign in particular, and best practices organizations can adopt to maximize value from electronic signatures.

WHY DOCUSIGN

Companies naturally explore electronic signature applications to accelerate contract signing processes and make contracts more consistent, legally binding, and professional. Various electronic signature applications are available; Nucleus found companies choose DocuSign primarily because of integration with CRM applications and user experience:

- *"We already had Salesforce.com. That DocuSign was integrated with Salesforce.com made it very appealing to us. It's just one more button in the Salesforce.com application."*
- *"We originally signed with EchoSign but we switched 8 months later because DocuSign was more robust and had more features we liked ... EchoSign wasn't as integrated as DocuSign."*
- *"We didn't do an intense RFP process. We talked to Salesforce.com about who they thought was good and did some reference checking ... We could make our business case the way their pricing and licensing worked."*

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- *"The most important part was integration with [dynamic document production]. DocuSign takes my document in a Microsoft Word file and I just tell it where to place the fields and it does it beautifully — contracts look clean and professional."*

Usability is key in an application like electronic signatures, where both individual employees and customers may or may not be willing to make the effort to adopt technology to manage a contract. Making an application easy and intuitive to use accelerates user adoption and return on investment.

KEY BENEFIT AREAS

Nucleus identified a number of benefits that customers found helped build the business case for DocuSign, including accelerated sales, improved data quality, improved audit trail, and reduced costs.

Accelerated sales cycle

Nucleus has found that adopting an electronic signature application such as DocuSign can help accelerate sales cycles for a number of different reasons:

- Integration of electronic signatures with CRM and the ability to quickly and easily create electronic contracts documents speeds the time needed for a sales person to deliver a contract.
- The ability to return a contract electronically instead of via paper or fax makes it easier and faster for customers to execute a contract.
- A professional, consistent electronic format for contracts formalizes the signing process, and expiration dates beyond which a customer cannot execute a contract create a greater sense of urgency than a document that can be signed and returned at any time.

Although sales cycles obviously vary, Nucleus found DocuSign customers consistently using the application could often shorten the contract portion of the sales cycle by 10 percent or more. As one customer said, *"If you have to open an attachment, print it, review it, sign it, scan it, you do it when you can. Now half of the agreements we send out get signed within 24 hours."*

Increased sales productivity

Sales teams can use DocuSign to replace slow, manual-intensive contract workflow processes with more streamlined electronic ones and reduce the time they spend preparing, sending, and following up on contracts for signatures. This enables sales people to spend more time on consultative sales and less time on paperwork:

- *"It cuts down on paperwork and postage and takes 10 to 15 minutes off prep time ... It doesn't seem like a lot but if that's what you do ... you're saving a lot of money."*
- *"The overhead we put into it is probably 25 percent of what it was and the outcome is 100 percent better. They were cutting and pasting before and then we did mail merges."*

Salespeople moving from manual contract assembly to DocuSign can reduce time to prepare contracts by 20 to 40 percent.

The amount of time saved will depend on user adoption and the amount of integration between DocuSign and CRM.

Improved data quality

Because key components of contracts are automatically generated from the application and document markups are tracked with version control, signers are aware of any changes to a contract before it is signed. Companies can ensure consistent terms and conditions are maintained and that the appropriate signer and company information are included. This supports overall contract consistency and data quality and reduces the likelihood of post-contract disputes:

- *"Data was improving each day that we were using it. Sales reps had a reason to make information correct: if they want to save the time not to lug around manual forms, they have to have the correct information in CRM to make it work."*
- *"We were finding that we had some exposure ... we found that we had a hard copy out there and during the signing process someone might have written a note on the margin or drawn a line through a word and people would sue us. DocuSign lets us lock that down and nothing's getting changed."*

Improved audit trail

The Electronic Signatures in Global and National Commerce (ESIGN) Act and Uniform Electronic Transactions Act (UETA) were passed to protect e-commerce vendors and consumers and standardize processes for electronic signature and contract capture and retention. Nucleus found DocuSign's electronic signature platform helped companies to adopt standard contract processes and retention policies to maintain consistent audit trails and reduce legal risk:

- *"DocuSign gives us a much cleaner contract, so there's less potential dispute in the future."*
- *"In our business the buying decision is made in corporate and payment is made by someone else who may or may not know the person who made the decision. If you can't find the contract, they're not going to pay."*

Multiple levels of authentication and redundancy and security support in the DocuSign platform and capture of all document transaction information in one centralized location help companies respond to audit requests and assert the validity of electronic contracts and signatures.

Reduced costs

Moving to electronic signature and contract processing and retention can enable companies to reduce printing, paper, communication, legal, and storage costs. For organizations with multiple sites and the need to retain and refer to contracts in the future, the savings can be significant.

Nucleus finds many companies justify their initial investment in DocuSign based on cost savings alone.

Customers found:

- *"If we're doing 400,000 contracts a year and printing out one for us to keep and one for the customer, that's a lot of paper and toner."*
- *"It used to take five reams of paper for one sales rep to renew contracts."*

- *"We didn't really think about the legal fees ... We can justify paying for the whole thing on two or three cases a year."*

BEST PRACTICES

Like any technology investment, an investment in DocuSign will create changes in sales processes and sales and customer interaction. Nucleus found the ease of use of DocuSign and growing consumer acceptance of electronic interactions help to drive adoption. The most successful adopters of DocuSign also follow a few strategies to maximize returns from their investment:

- Integration with CRM makes it easier for sales to quickly recognize the benefits of electronic signatures to their work processes and drive consistent adoption.
- Internal functional training ensures sales people feel comfortable using the application.
- Sales communication training helps sales people understand how to explain the technology to contract signers and be confident including electronic signatures in the sales interaction, even with more traditional clients.

CONCLUSION

Many companies have made significant investment in CRM and document management technology to accelerate sales processes and reduce manual sales-related tasks. However, for many, contract generation, revisioning, and signing are still manual and exception-driven processes. Implementing electronic signature technology such as DocuSign can drive further sales efficiencies at the contract signing end and improve accountability after the fact. Deployed properly, DocuSign can drive greater sales efficiency and productivity and reduce cost and risk.