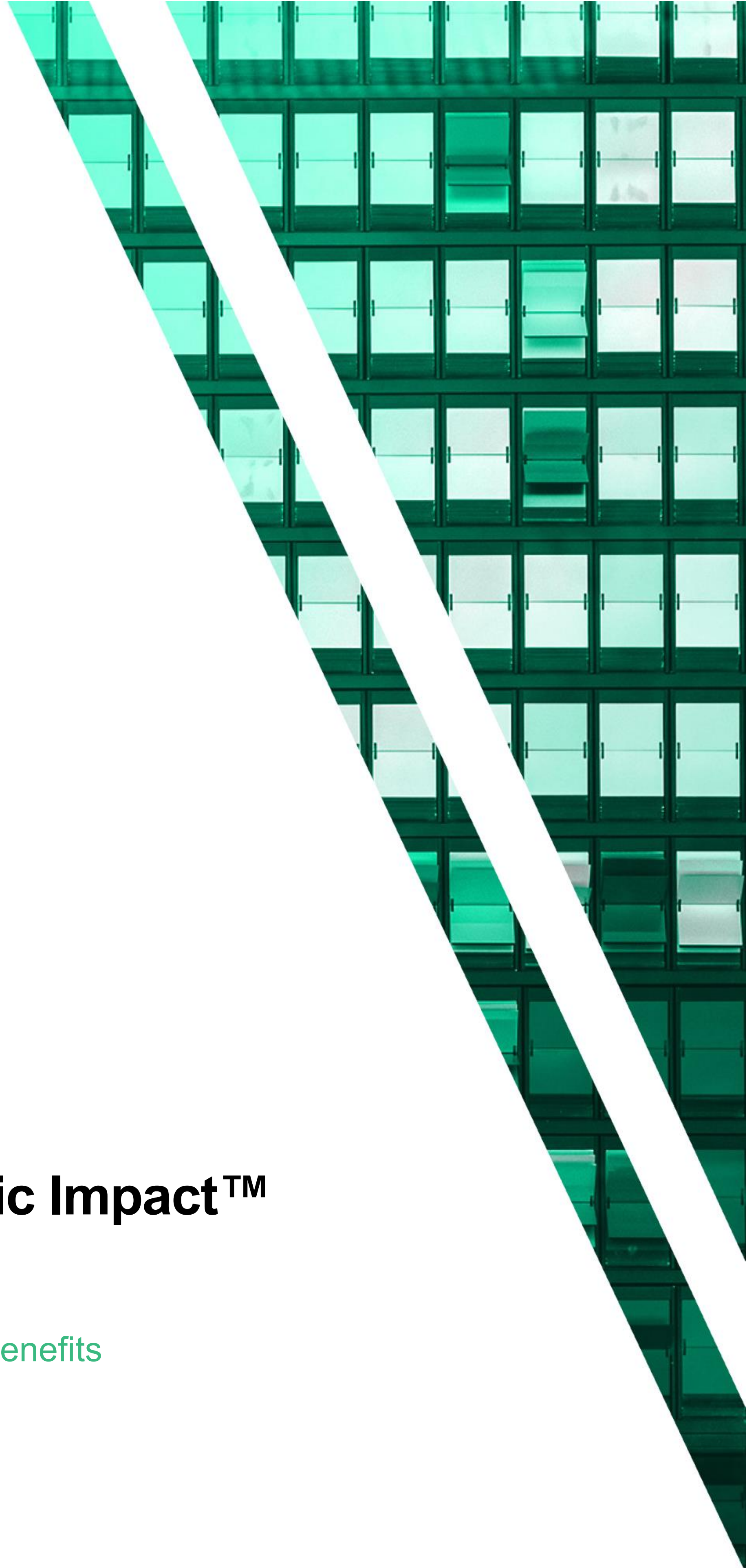
FORRESTER®



The Total Economic Impact™ Of DocuSign CLM

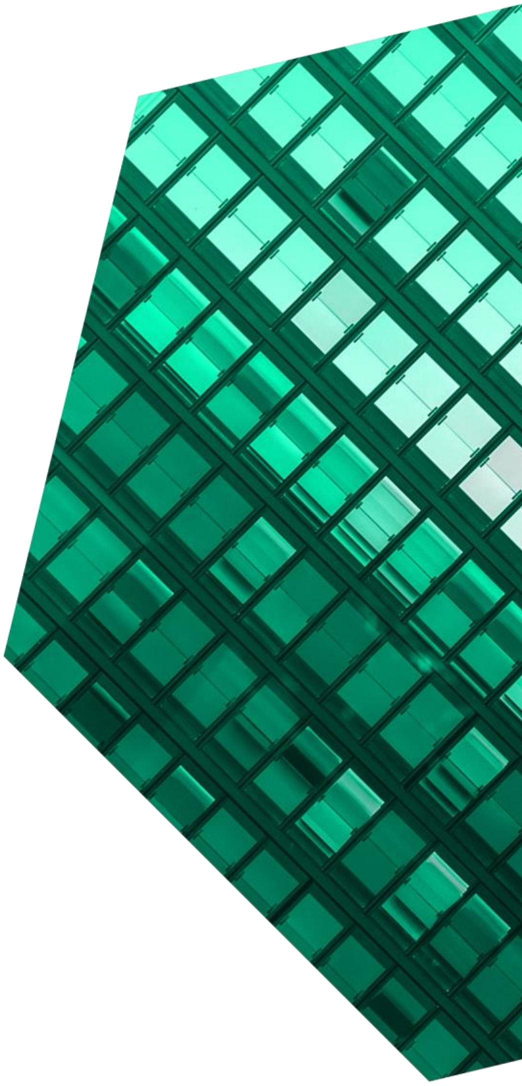
Cost Savings And Business Benefits Enabled By CLM

NOVEMBER 2020

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY DOCUSIGN

Table Of Contents

Consulting Team: Amy Harrison



ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organisations. For more information, visit forrester.com/consulting.

Executive Summary

> DocuSign CLM is a cloud-based contract lifecycle management solution that increases efficiency and oversight of contract processes. Interviewed customers said their organisations reduced their contract process time by 83%, saving over $4 million on contract processing costs and increasing revenues by almost $339,000 over three years. They also reduced their reliance on outside contract support, saving over $1.3 million in outsourced costs and reducing their risk of exposure by 5%.

DocuSign commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realise by deploying DocuSign CLM. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of DocuSign CLM on their organisations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five customers with experience using DocuSign CLM. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single composite organisation.

DocuSign provides a contract lifecycle management (CLM) solution that acts as a centralised, cloud-based repository for customers' external and internal contracts. CLM provides for the automation and orchestration of previously manual tasks for contract-related workflows. Contracts in CLM are fully searchable, providing an important first step for customers in their automation process. Contract-related workflows are developed and implemented, simplifying and error-proofing the contract creation process. Contract turnarounds are proactively managed and tracked, which shortens turnaround times. Importantly, DocuSign CLM is fully integrated with Salesforce, allowing Salesforce customers to automate the two-way communication of data from Salesforce directly to documents, further reducing contract turnaround time and human error.

KEY STATISTICS

Return on investment (ROI)
356%

Net present value (NPV)
$6.0M

Prior to using DocuSign CLM, the interviewees' organisations were mired in contract processes and other document processes that were opaque and time-intensive. The added inefficiency of these processes lengthened time-to-value of sales contracts and made it difficult to track vendor contract overspend across the organisation. Furthermore, prior processes were prone to human error and introduced various types of risk.

After investing in DocuSign CLM, the customers accelerated their document processes for both internal and external contracts, while also increasing contract content visibility. This led to increased efficiency of document processes, which saved on employee time costs and improving time-to-value of sales contracts. It also resulted in a reduction in vendor contract overspend, an improved compliance environment, and less reliance on expensive outside counsel. One senior systems analyst said: "It's a huge advantage for us because for our end users, everything is compliant and correct the first time. The throughput time is known upfront, and that's priceless."

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits include:

Reduction in contract processing time by 83%

- **Decreased contact turnaround time and cost of contracting, saving over $4 million.** DocuSign CLM enabled customers to speed their contract turnaround time by 20 days on average. This led to increased efficiency for employees in contract-related roles, including sales teams, procurement professionals, and internal counsel.

- **Reduced risk exposure in contract lifecycle valued at $572,000.** Customers reported less risk exposure and improved compliance adherence after investing in DocuSign CLM. They described improving contract processes, which helped them avoid fines that could amount to millions of dollars. One interviewee described how their organisation was embedded in the risk management function of their company: "Our [CLM team] is viewed as a partner to risk management, and so we were able to provide advice and education around contract risk mitigation. The CLM tool allows us to back up our advice by saying, "Here is our portfolio of data, here's how often we've agreed to this or here's how often we haven't agreed to this and provide some reporting that wasn't available previously."

- **Reduced outside counsel spend, saving $1.3 million.** Before using DocuSign CLM, one-third of the composite organisation's contracts required outside support at an average cost of $1,750 per contract. Interviewees said their organisations eventually reduced outside legal support to zero. For the composite organisation, this results in 50% of cost savings per contract.

- **Reduced error rate and contract value leakage valued at $1.46 million.** DocuSign CLM centralises contracts in one searchable place, enabling customers to identify subscription autorenewals, redundant vendor contracts, and purchases that could benefit from volume discounting. It also allows customers to renegotiate contract terms using the organisation's consolidated buying power. One VP of global procurement described how she saved her organisation more than $50 million during the early years of deploying its CLM system, and over time, as it built solid and consistent processes, the procurement group continued to save more than $5 million a year for the organisation.

- **Accelerated revenue from improved contract processes worth more than $337,000.** With DocuSign CLM, customers were able to accelerate the contract process by 83%. The increased efficiency of contract processes allowed teams to close deals that would previously have been lost to competitors due to lengthy contract timelines. As additional deals closed, customers were able to increase their annual revenue. In the case of the composite organisation, it is able to close loans more rapidly.

Unquantified benefits. Benefits that are not quantified for this study include:

- **Improved integrity of contracts.** DocuSign enabled **interviewees' organisations** to lock contracts from further editing and provided them with added control over who could access contracts. This led to improved integrity of contracts within the CLM.

- **Strategic role for procurement.** Interviewees reported that DocuSign CLM helped their organisations' procurement teams take on a more strategic and highly valued role. DocuSign CLM's centralised system created efficiencies that provided procurement professionals the time needed to use their skills to renegotiate vendor contracts at lower rates or increased payment terms.

Costs. Three-year, risk-adjusted PV costs include:

- **Total cost of licensing and Salesforce integration fees of $872,000.** Customers incurred licensing fees as well as Salesforce integration fees with DocuSign CLM.
- **Cost of deployment and implementation of $627,000.** Customers experienced a four-month implementation and deployment process with DocuSign CLM.
- **Cost of ongoing support of $192,000.** Customers also reported ongoing employee and professional services costs related to their DocuSign CLM investment.

The customer interviews and financial analysis found that the composite organisation experiences benefits of $7.73 million over three years versus costs of $1.69 million, adding up to a net present value (NPV) of $6.03 million and an ROI of 356%.

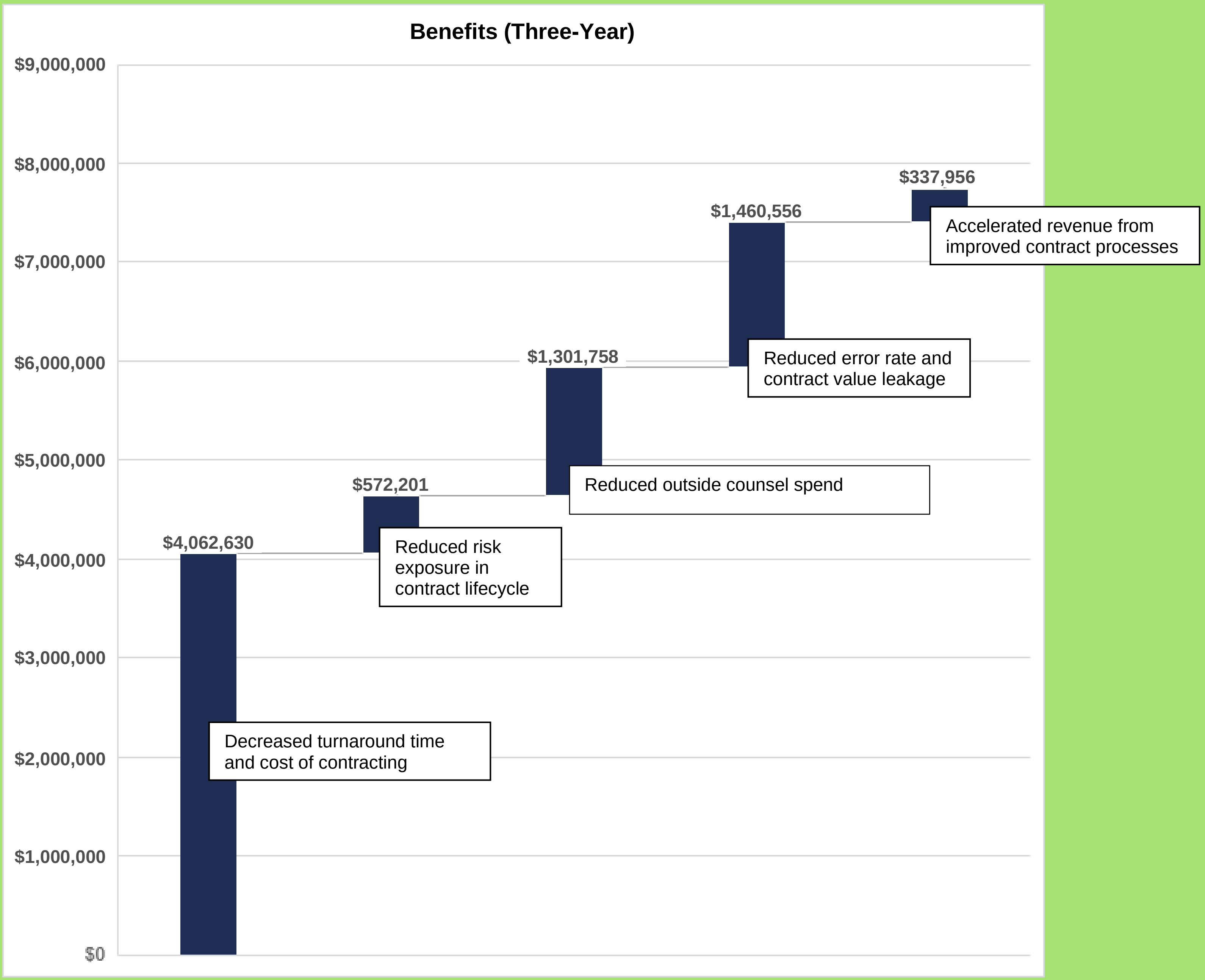
"DocuSign CLM saves costs and reduces vendor overspend, but it's more than that. By centralising contracts, you're getting others to look at a contract. You will catch all these other pieces of the puzzle that some people may never think about."

— Vice president of global procurement and real estate, technology

ROI
356%

BENEFITS PV
$7.73M

NPV
$6.03M



TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organisations considering an investment in the CLM.

The objective of the framework is to identify the cost, benefit, flexibility and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that the CLM can have on an organisation.

DUE DILIGENCE

Interviewed DocuSign stakeholders and Forrester analysts to gather data relative to the CLM.

CUSTOMER INTERVIEWS

Interviewed five decision-makers at organisations using the CLM to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANISATION

Designed a composite organisation based on characteristics of the interviewed organisations.

FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organisations.

CASE STUDY

Employed four fundamental elements of TEI in modelling the investment impact: benefits, costs, flexibility and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by DocuSign and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organisations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in the CLM.

DocuSign reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

DocuSign provided the customer names for the interviews but did not participate in the interviews.

The DocuSign CLM Customer Journey

Drivers leading to the CLM investment

Interviewed Organisations

Industry	Region	Interviewee	Revenues/Assets FTEs
Technology	GLOBAL	Vice president of global procurement and real estate	$260 million in revenue 900 FTEs
Logistics	EMEA	Senior project manager	€2.7 billion in revenue 46,000 FTEs
Financial services	US	Associate vice president and Salesforce administrator	$4 billion in assets 200 FTEs
Financial services	US	Manager of interest rate and foreign exchange derivatives documentation	$6.9 billion in revenue 70,000 FTEs
Non-profit	US	Senior systems analyst	$46 billion in assets 1,500 FTEs

KEY CHALLENGES

Before investing in DocuSign CLM, the interviewed customers relied on numerous disintegrated solutions. They created and edited contracts using word processors, email, or physical courier between stakeholders. They tracked contract progress via spreadsheets and provided broader access to these contracts using shared folders stored in on-premises servers or in the cloud.

The interviewees said their organisations struggled with common challenges, including:

- **Contract process inefficiency.** Customers described physically shuffling contracts between offices for review and signature. Even when using digital solutions, they could not reliably track contracts, which led to lengthy timelines. For example, one customer used a seven-step contract approval process that required as much as nine weeks to complete. This introduced human error such as poor version control and the use of inaccurate contract language.
- **Delayed business results.** Contract processes with excessive timelines have a direct result on the business. Examples of the business impact of delayed contracts include delayed hires and, therefore, delayed productivity. Contracts lost in the internal legal vortex may force organisations to look to outside counsel, increasing human resources costs. Deals that linger too long in the sales pipeline fall victim to the motto “time kills all deals.”
- **Document visibility.** Interviewees also described having very little visibility into contract content. Contract review and approval happened within organisational silos, with little reference to contracts from other silos or even historical contracts. Thus, there was no organisation-wide understanding of contract commitments and risks. After a contract inventory and review, the

> **“Our old way was inefficient. And this was multiplied by three because we had multiple business units needing to review and sign off on these documents, as well as outside parties like legal counsel. We needed to centralise the process.”**
>
> *Manager of interest rate and foreign exchange derivatives documentation, financial services*

organisations found multiple enforceable contracts with widely varying terms for the same vendor, resulting in missed opportunities to negotiate volume price discounts.

> **"There are so many companies that will have more than one contract with the same vendor, basically paying double. There is no communication. We saw a massive opportunity to break down some of our silos when it came to vendor relationships."**
>
> *Vice president of global procurement and real estate, technology*

COMPOSITE ORGANISATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organisation is representative of the five companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organisation has the following characteristics:

Description of composite. This global financial services and real estate organisation generates $3 billion in revenue from operations across the United States and Europe. It currently has 20,000 full-time employees, of whom 2,500 are client relationship professionals and 100 are procurement professionals. Client relationship professionals manage both high-net-worth customers as well as commercial customers. Each commercial lending contract is valued at approximately $11,000 in annual revenue. On the other hand, the procurement professionals manage $200 million in annual vendor spend.

The organisation also currently relies on outside legal counsel rather than its in-house counsel for one-third of its new contracts at an average per-contract cost of $1,750.

Deployment characteristics. The organisation has begun rolling out DocuSign CLM to its client relationship, procurement, and legal teams. The client relationship team manages 5,000 contracts annually, while the procurement team manages 3,000 contracts annually. Decision-makers hope to rely less on outside counsel as the organisation begins the process of making its contract management more efficient.

Key assumptions

- **$3 billion in revenue**
- **20,000 FTEs**
- **2,500 client relationship professionals**
- **100 procurement professionals**
- **$200 million annual vendor spend**
- **33% of contracts require outside counsel**

Analysis of Benefits

Quantified benefit data as applied to the composite

Total Benefits

Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Decreased turnaround time and cost of contracting	$1,136,000	$1,704,000	$2,158,400	$4,998,400	$4,062,630
Btr	Reduced outside counsel spend	$364,000	$546,000	$691,600	$1,601,600	$1,301,758
Ctr	Reduced error rate and contract value leakage	$400,000	$600,000	$800,000	$1,800,000	$1,460,556
Dtr	Reduced risk exposure in contract lifecycle	$160,000	$240,000	$304,000	$704,000	$572,201
Etr	Accelerated revenue from improved contract processes	$94,500	$141,750	$179,550	$415,800	$337,956
	Total benefits (risk-adjusted)	$2,154,500	$3,231,750	$4,133,550	$9,519,800	$7,735,101

DECREASED TURNAROUND TIME AND COST OF CONTRACTING

Evidence and data. The same DocuSign features that accelerate time-to-value of sales contracts also result in efficiency savings for procurement teams dealing with buy-side contracts. Interviewees said that before their organisations invested in DocuSign CLM, they used relatively expensive and lengthy manual processes to get contracts generated, completed, approved, and signed. These processes were either physical (where documents were printed and then shuffled around to various stakeholders for sign-off) or they were digital but poorly managed, leveraging word processors and email to circulate important contracts. Both processes lacked visibility into where a contract was in its turnaround and how it might be progressed further. This increased the time spent on contract approval by stakeholders, including administrators and employees in sales, procurement, and legal.

Customers reported various reductions in contract process times. The logistics firm experienced the most extreme reduction as contract approval went from nine weeks to two days. The interviewee from the technology firm reported their processes decreased from three to five days down to mere hours. One of the financial services interviewees said their firm saved 16 to 18 hours per week per employee thanks to accelerated contract processes.

> **"Time is money. Our purchase approval process went from three to five days down to matter of hours. When you're able to save that much time and close very large contracts, there's clearly cost savings there."**
>
> *Vice president of global procurement and real estate, technology*

Modelling and assumptions. Based on the customer interviews, Forrester estimates for the composite organisation:

- A total number of annual procurement (buy-side) contracts of 3,000.
- A total number of revenue-generating (sell-side) contracts of 5,000.

- An average contract turnaround time before DocuSign CLM of 24 working hours and an average contract turnaround time after DocuSign CLM of 4 working hours.
- A percentage of contracts that are managed in CLM grows over time from 50% in Year 1 to 95% in Year 3. An average fully burdened combined salary cost per hour (for procurement, sales, and admin) per contract of $65. Procurement and sales professionals are at a $60 hourly rate, and legal professionals are at an $80 hourly rate. The blended rate assumes 25% contract review time for legal and 75% contract creation and revision time for procurement/sales professionals.
- A productivity recapture rate of 25%.

Risks. The actual decreased turnaround time and cost of contracts will vary based on:

- The total number of contracts completed annually.
- The reduction in contract turnaround time.
- The percentage of contract turnaround time spent working on contracts.
- The average hourly cost of each FTE who is part of the contract review cycle.
- The amount of productivity able to be recaptured.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $4,062,630.

> **"With DocuSign CLM, my team was able to identify potentially dangerous risks that were embedded in the documents that were negotiated by outside counsel."**
>
> *Manager of interest rate and foreign exchange derivatives documentation, financial services*

Decreased Turnaround Time And Cost Of Contracting

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Total number of annual buy-side contracts	Assumption	3,000	3,000	3,000
A2	Total number of sell-side contracts	Interviews	5,000	5,000	5,000
A3	Percentage of contracts that are managed in CLM	Interviews	50%	75%	95%
A4	Total number of annual contracts	(A1+A2) *A3	4,000	6,000	7,600
A5	Average contract turnaround time in hours before DocuSign CLM	Interviews	24	24	24
A6	Average contract turnaround time in hours after DocuSign CLM	Interviews	4	4	4
A7	Average contract turnaround time reduction from DocuSign in hours	A5-A6	20	20	20
A8	Average labour savings per contract after DocuSign	Assumption: procurement/sales fully burdened average hourly rate ($60), legal ($80) (Payscale)	$1,420	$1,420	$1,420
A9	Total savings annually for all contracts	A4*A8	$5,680,000	$8,520,000	$10,792,000
A10	Productivity recapture rate		25%	25%	25%
At	Decreased turnaround time and cost of contracting	A9*A10	$1,420,000	$2,130,000	$2,698,000
	Risk adjustment	↓20%			
Atr	Decreased turnaround time and cost of contracts (risk-adjusted)		$1,136,000	$1,704,000	$2,158,400
	Three-year total: $4,998,400		**Three-year present value: $4,062,630**		

REDUCED OUTSIDE COUNSEL SPEND

Evidence and data. Customers described saving on outside legal counsel and other contract consulting support after investing in DocuSign CLM. It acts as a central repository for customers' external and internal contracts. It provides for the automation of previously manual contract-related tasks and the orchestration of contract-related workflows. Additionally, once contracts are in the CLM, they are fully searchable. Combined, these features help to standardise business processes and support the oversight of contract content, making internal teams more efficient. This improved internal efficiency allowed customers to move workloads previously managed by relatively expensive outside counsel to internal teams.

> **"The challenge with outside counsel is that they were not embedded in our organisation, so they were unable to give detailed advice related to our business. Because DocuSign CLM helped us limit our use of outside counsel, we've saved hard-dollar costs."**
>
> *Manager of interest rate and foreign exchange derivatives documentation, financial services*

The manager of interest rate and foreign exchange derivatives documentation from the financial services industry shared, "DocuSign CLM helped our internal legal teams become more efficient and allowed them to work on other higher-value projects."

The associate vice president and Salesforce administrator from the financial services industry said: "Previously, our in-house counsel was so involved in policies, updating policies, and new regulatory work that they didn't have time for big-picture items. DocuSign CLM enabled them to still stay involved, but without the pressure of turning drafts, negotiating documents, and producing execution copies."

The increased efficiency even allowed some customers to move work from outside counsel to nonlegal internal teams. For example, the manager of interest rate and foreign exchange derivatives documentation in the financial services industry was able to begin providing risk-based advice on terms embedded in contracts generated by relatively distant outside counsel.

Modelling and assumptions. Based on the customer interviews, Forrester estimates for the composite organisation:

- Before using DocuSign CLM, 33% of contracts required outside support.
- With DocuSign CLM, 20% of contracts require outside support.
- The average cost of outside support per contract is $1,750.
- The organisation saves 56% of this cost by shifting work from outside support to internal teams.[1] Forrester modelled 50% as a conservative number.

Risks. The results for reduced costs from requiring outside support before DocuSign CLM will vary by:

- The average cost of outside support per contract.
- The percentage of savings achieved moving work from outside support providers to internal teams.
- To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $1,301,758.

Reduced Outside Counsel Spend					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
B1	Total number of annual contracts	A4	4,000	6,000	7,600
B2	Percentage of contracts requiring outside support before DocuSign CLM	Interviews	33%	33%	33%
B3	Percentage of contracts requiring outside support after DocuSign CLM	Interviews	20%	20%	20%
B4	Average cost of outside legal and consulting support per contract	Association of Corporate Counsel (ACC)	$1,750	$1,750	$1,750
B5	Percent savings shifting work from outside counsel to inside counsel	Assumption	50%	50%	50%
Bt	Reduced outside counsel spend	B1*(B2-B3)*B4*B5	$455,000	$682,500	$864,500
	Risk adjustment	↓20%			
Btr	Reduced reliance on legal and consulting support for contract lifecycle (risk-adjusted)		$364,000	$546,000	$691,600
	Three-year total: $1,601,600		**Three-year present value: $1,301,758**		

REDUCED ERROR RATE AND CONTRACT VALUE LEAKAGE

Evidence and data. Because DocuSign CLM is a searchable repository of contracts linked to organisations' CRM systems, customers reported it enabled them to reduce vendor overspend, which enhanced the value of external contracts. DocuSign CLM enabled these benefits by providing organisation-wide visibility into all contractual obligations with a single location where documents are stored and accessed. Furthermore, it provided visibility into the details of each of these contracts, as all these documents were now searchable at once. Procurement professionals could easily see which terms varied from contract to contract and renegotiate for a single organisation-wide contract with each vendor.

Customers shared several ways that DocuSign CLM reduced vendor overspend, including:

- Identifying and stopping autorenewals on subscription-based solutions such as software-as-a-service (SaaS) licenses.
- Identifying vendor solutions and services that were no longer needed.
- Identifying and responding to poor vendor performance.

> **"We've experienced 20% savings across all vendor contracts. I would say 50% of that is attributed to DocuSign CLM. The other 50% is the knowledge and negotiation expertise of the procurement professional."**
>
> *Vice president of global procurement and real estate, technology*

- Reducing duplicate purchases of the same vendor solutions from different parts of the same organisation.
- Renegotiating vendor contracts at a better rate, leveraging the organisation's consolidated buying power.

For example, the vice president of global procurement and real estate from the technology industry shared: “We discovered that one part of the company was paying a higher rate than another. Just by consolidating to get the entire organisation on one contract and forcing the vendor to honour the lowest rate being offered internally, we’ve saved over $400,000.” The same interviewee described saving more than $5 million so far from cancelling autorenewals and reducing rate overpayments across contracts by $250,000.

Modelling and assumptions. For the composite organisation, Forrester assumes:

- A total annual vendor spend of approximately 3% of revenues.
- Five percent of contracts contain addressable overspend.
- The percentage of value received from better contract terms is 10% in Year 1, 15% in Year 2, and 20% in Year 3.
- The percent of this value attributable to DocuSign CLM is 50%.

Additional value of contract through better contracts terms
20%

Risks. The actual value of reducing error rates and contract value leakage will vary based on:

- The total annual vendor spend.
- The percentage of contracts containing addressable overspend.
- The percentage of value achieved by better contract terms.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $1,460,556.

Reduced Error Rate And Contract Value Leakage

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Total annual vendor spend	Forrester Research; ~3% of revenues	$200,000,000	$200,000,000	$200,000,000
C2	Percent of contracts containing addressable overspend	Assumption	5%	5%	5%
C3	Percent value received from achieving better contract terms	Interviews	10%	15%	20%
C4	Percent of received value attributable to DocuSign	Interviews	50%	50%	50%
Ct	Reduced error rate and contract value leakage	C1*C2*C3*C4	$500,000	$750,000	$1,000,000
	Risk adjustment	↓20%			
Ctr	Reduced error rate and contract value leakage (risk-adjusted)		$400,000	$600,000	$800,000
	Three-year total: $1,800,000		**Three-year present value: $1,460,556**		

REDUCED RISK EXPOSURE IN CONTRACT LIFECYCLE

Evidence and data. Customers said DocuSign CLM's contract visibility and Salesforce integration provided an improved compliance environment. Using DocuSign CLM, their organisations identified risks for contract compliance breaches or other gaps reportedly worth millions of dollars. An improved compliance environment also led to the reduced risk of downgrading by ratings agencies, which could result in the termination of valuable contracts, increased insurance costs or higher costs of borrowing. Customers also experienced reduced risk of client personal data breach that could result in fines of as much as 4% of annual revenues per the General Data Protection Regulation (GDPR).

> **"Findings from our previous audits resulted in monthly reporting requirements. With DocuSign, we now have a fact-based policy with process controls for changing contracts, and we're no longer in the auditor's red zone. Now, sales [employees] feel like they are back in the driver's seat and can take charge of their process."**
>
> *Senior project manager, logistics*

The associate vice president and Salesforce administrator said: "The biggest thing for us is security and compliance. If a vendor requires me to take my contracts and move them out of Salesforce, I won't do it. DocuSign CLM's Salesforce integration is critical as I need to keep all of that data in one platform."

> **"We currently have 330 contracts with a ratings-based provision whereby a ratings reduction would allow the client to terminate.**
>
> **"My organisation thought we had all our risks covered. But, because no one had a full grasp of our contracts, we were only identifying 50% of our risks."**
>
> *SVP documentation manager, financial services*

Modelling and assumptions. Based on the customer interviews, Forrester estimates for the composite organisation:

- Potential financial impact of contract risk of $100,000 per contract.
- A 1% probability of exposure.
- A 5% reduction in probability of exposure.

Risks. The actual reduction in risk exposure will vary based on:

- The number of contracts completed annually.
- The potential financial impact of contract risk.

The probability of exposure.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $572,201.

Reduced Risk Exposure In Contract Lifecycle					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
D1	Total number of annual contracts	A3	4,000	6,000	7,600
D2	Potential financial impact of contract risk	Office of the Comptroller of the Currency (OCC) representative example	$100,000	$100,000	$100,000
D3	Probability of exposure	Assumption	1%	1%	1%
D4	Reduction in probability of exposure	Assumption	5%	5%	5%
Dt	Reduced risk exposure in contract lifecycle	D1*D2*D3*D4	$200,000	$300,000	$380,000
	Risk adjustment	↓20%			
Dtr	Reduced risk exposure in contract lifecycle (risk-adjusted)		$160,000	$240,000	$304,000
	Three-year total: $704,000		**Three-year present value: $572,201**		

ACCELERATED REVENUE FROM IMPROVED CONTRACT PROCESSES

Evidence and data. With DocuSign's automation and workflow orchestration, customers experienced accelerated contract processes including faster generation and approval of all contracts. These time savings led to revenue-generating contracts closing faster, which allowed sales teams to close deals they previously would have lost due to lengthy contract processing times. These additional deals resulted in increased revenue annually. One senior project manager from the logistics industry described the sales cycle going from nine weeks to two days with DocuSign CLM: "It took nine weeks for a single contract to get signed, processed, and delivered back. Now, our sales representatives start a document, they take the 45 components they need, and they get the contract generated and signed by all parties within 5 minutes, if needed. I promised the board the maximum throughput time for contracts was five days. On average, it now takes two days."

> **"One of the top benefits we've received from DocuSign CLM has been increased speed to the client. We're getting to the client quicker with better products."**
>
> *Associate vice president and Salesforce administrator, financial services*

> **"We used to have to go through each and every page manually, looking through every document to make sure everything was input correctly: Social Security numbers, tax ID number, etc. We were manually modifying up to 40 documents. Now it's a button click."**
>
> *Associate vice president and Salesforce administrator*

Additionally, this reduction in contract process time allowed sales professionals to spend more time with clients, leading to more potential upsells and deepening their engagement. The associate vice president and Salesforce administrator from the financial services industry shared: "We're giving clients a better experience by engaging with them more. DocuSign CLM gives us time to really sit with them without having to spend so much time in the back office." Another associate vice president of a high net worth financial services firm said, "DocuSign CLM gives us 45 minutes to an hour of more time that we can spend with that client."

Modelling and assumptions. Based on the customer interviews, Forrester estimates for the composite organisation:

- A 7% increase in revenue-generating contracts completed annually due to increased efficiency in the contract process.
- An average annual value per contract of $15,000.
- A 50% of the increase in revenue-generating contracts is attributable to DocuSign CLM.
- A 9% profit margin.

"When you have maverick spend, you open your company up to security risks, privacy risks, and overspend. The exposure is in the millions of dollars by somebody signing a $5,000 contract. By eliminating maverick spend, you also limit who can bind the company and reduce risk that the company is opened up to by signing contracts without proper knowledge of their language."

Vice president of global procurement and real estate, technology

Risks. The actual increase in revenue from improved contract process efficiency will vary based on:

- The percentage increase in revenue-generating contracts completed annually. The average value of revenue-generating contracts.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $337,956.

Accelerated Revenue From Improved Contract Processes

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
E1	Total expected annual revenue-generating contracts before DocuSign CLM	A2*A3	2,500	3,750	4,750
E2	Percentage increase in revenue-generating contracts completed annually with DocuSign CLM	Forrester	7%	7%	7%
E3	New total revenue-generating contracts after DocuSign CLM (showing rounded value)	E1*E2	175	262.5	332.5
E4	Average annual value per contract	Composite	$15,000	$15,000	$15,000
E5	Additional value of completed contracts after DocuSign CLM	E3*E4	$2,625,000	$3,937,500	$4,987,500
E6	Percentage of value attributable to DocuSign CLM versus human skill and other process improvements	Interview	50%	50%	50%
E7	Profit margin	Composite	9%	9%	9%
Et	Accelerated revenue from improved contract processes (showing rounded value)	E5*E6*E7	$118,125	$177,188	$224,438
	Risk adjustment	↓20%			
Etr	Accelerated revenue from improved contract processes (risk-adjusted)		$94,500	$141,750	$179,550
	Three-year total: $415,800	**Three-year present value: $337,956**			

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were unable to quantify include:

- **Improved integrity of contracts.** Customers reported experiencing improved integrity of contracts with DocuSign CLM. The senior project manager from the logistics industry shared: "No one can alter the information once sales hits the save button and sends for signature. The improved quality of contract information was a huge positive for our board members."
- **Strategic role for procurement.** Interviewees said DocuSign CLM helped their procurement team take on a more strategic and highly valued role within the organisation. As the vice president of global procurement and real estate described: "DocuSign CLM allows procurement professionals the time to know what deals to focus on and work at. If I don't know about a contract or when it's renewing, I wouldn't have the time needed to sit and renegotiate the contract. It really enables procurement employees to apply their real skill."

FLEXIBILTY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement DocuSign CLM and later realise additional uses and business opportunities, including:

- **Improved agility from efficient contract processes.** Customers shared that DocuSign CLM did not just save them time and money on their current document and contract processes. The ability to shrink down the contract approval process to a known and relatively consistent length meant their organisations could take advantage of opportunities that might otherwise pass them by when they used DocuSign CLM to get contracts generated and approved at speed. The senior project manager from logistics said, "Sometimes, if we need a contract to start on Monday, we could get it reviewed, signed, and approved all on Friday afternoon."

Analysis of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Ftr	Total cost of licensing and Salesforce integration fees	$0	$350,683	$350,683	$350,683	$1,052,050	$872,097
Gtr	Cost of deployment and implementation	$0	$690,682	$0	$0	$690,682	$627,892
Htr	Cost of ongoing internal support	$0	$79,200	$79,200	$79,200	$237,600	$196,959
	Total costs (risk-adjusted)	$0	$1,120,565	$429,883	$429,883	$1,980,331	$1,696,948

TOTAL COST OF LICENSING AND SALESFORCE INTEGRATION FEES

Evidence and data. Interviewees said their organisations experienced direct costs associated with their investment in DocuSign CLM, including annual license fees and fees for Salesforce integration. Annual licensing fees vary by the number and type of users. For example, users with full rights over the DocuSign CLM platform can design and participate in workflows, which may cost $960 per seat annually, while users with view-only rights may cost only $210 per seat.

In addition to licensing, customers experienced an additional 20% fee for Salesforce integration annually. The vice president of global procurement and real estate said: “A key factor for our investment in DocuSign CLM was that it truly integrated with Salesforce. We had used a different product previously, and it did not have a true integration with Salesforce. That created a lot of slowdown, lack of use, and lack of visibility. Salesforce integration is vital to give visibility to the sales team of where contract is in the sell-side process.”

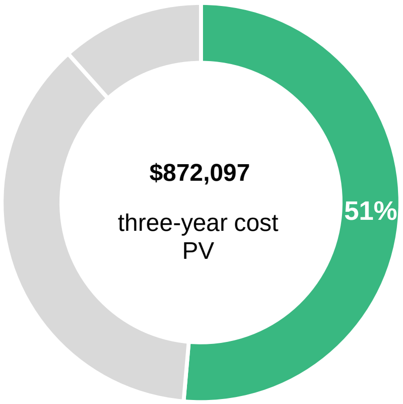
Modelling and assumptions. Forrester estimates for the composite organisation:

- The total number of DocuSign CLM users for all three years is 1,000. Ten percent require a full license, 45% require a standard license, and 45% require a view-only license.

Risks. The total cost of licensing and Salesforce integration fees will vary with:

- The total number of users.
- The percentage breakdown of full, standard, and view-only users.

To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $872,097.



Total Cost Of Licensing And Salesforce Integration Fees						
Ref.	**Metric**	**Calculation**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Total number of users			400	400	400
F2	Cost of licensing per full user			$960	$960	$960
F3	Number of full users	F1*10%		40	40	40
F4	Cost of licensing per standard user			$720	$720	$720
F5	Number of standard users	F1*45%		180	180	180
F6	Cost of licensing per view-only user			$210	$210	$210
F7	Number of view-only users	F1*45%		180	180	180
F8	**Subtotal cost of licensing fees**	**F2*F3+F4*F5+F6*F7**		**$205,800**	**$205,800**	**$205,800**
F9	Cost of Salesforce integration	F8*20%		$41,160	$41,160	$41,160
F10	Cost of ongoing support paid to DocuSign	F8*22%		$45,276	$45,276	$45,276
Ft	Total cost of licensing and Salesforce integration fees	F8+F9+F10	$0	$292,236	$292,236	$292,236
	Risk adjustment	↑20%				
Ftr	Total cost of licensing and Salesforce integration fees (risk-adjusted)		$0	$350,683	$350,683	$350,683
	Three-year total: $1,052,050		**Three-year present value: $872,097**			

COST OF DEPLOYMENT AND IMPLEMENTATION

Evidence and data. Interviewees said their organisations experienced costs related to the deployment and implementation of DocuSign CLM. They described a four-month process for deployment and implementation that required three employees to manage it at full time for that period. Customers said they used DocuSign professional services to assist with building more complicated workflows and rules within the DocuSign CLM platform, and they also described working well with DocuSign's support team during the deployment and implementation process.

Modelling and assumptions. For the composite organisation, Forrester estimates:

- Three FTEs dedicated to deployment and implementation.

> **"DocuSign threw as many resources as they could at me to help me meet my goals for implementation. Since then, I've had a wonderful relationship with them. Their support is stellar. When I call their support number, I get a call back within 30 minutes."**
>
> *Associate vice president and Salesforce administrator, financial services*

- Four months of deployment and implementation time.
- A fully burdened hourly rate per employee of $66.
- The use of professional services at a rate of 1.5 times the annual spend with DocuSign.

Risks. The cost of deployment and implementation will vary with:

- The total number of employees and total time required for deployment and implementation.
- The rate of pay of such employees**.**
- The use of professional services.

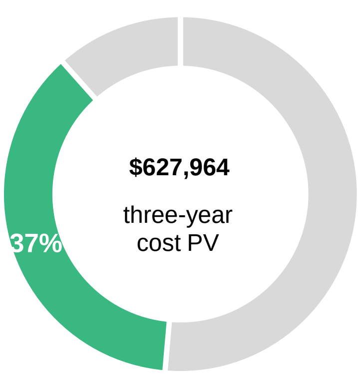
To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of $627,892.

Cost Of Deployment And Implementation

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
G1	FTEs dedicated to deployment and implementation	Customer interview		3		
G2	Hours dedicated to deployment and implementation	4 months		693		
G3	Fully burdened hourly rate			$66		
G4	Cost of FTEs to implement DocuSign CLM	G1*G2*G3		$137,214		
G5	Cost of initial deployment paid to DocuSign	1.5X ARR (Ft*150%)		$438,354		
Gt	Cost of deployment and implementation	G4+G5	$0	$575,568	$0	$0
	Risk adjustment	↑20%				
Gtr	Cost of deployment and implementation (risk-adjusted)		$0	$690,782	$0	$0
	Three-year total: $690,682			**Three-year present value: $627,892**		

COST OF ONGOING INTERNAL SUPPORT

Evidence and data Evidence and data. Interviewees said their organisations incur additional expenses related to supporting DocuSign CLM on an ongoing basis. Customers reported requiring up to four employees who spend approximately 250 hours annually on ongoing support. Additionally, customers require professional services support on an ongoing basis to maintain and update new processes added to the CLM platform.



Modelling and assumptions. For the composite organisation, Forrester assumes:

- Four employees dedicated to ongoing support who dedicate a total of 250 hours each to ongoing support

Ongoing professional services costs

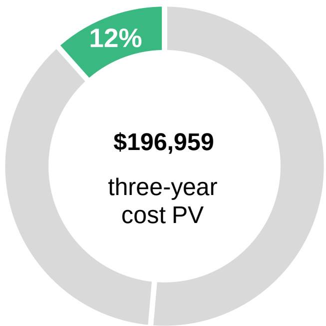
22% of licensing fees

- A fully burdened hourly rate per employee of $66.

Risks. The total cost of ongoing internal support will vary with:

- The number of FTEs and total hours devoted to ongoing support.
- The fully burdened hourly rate of these FTEs.

To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of $196,959.

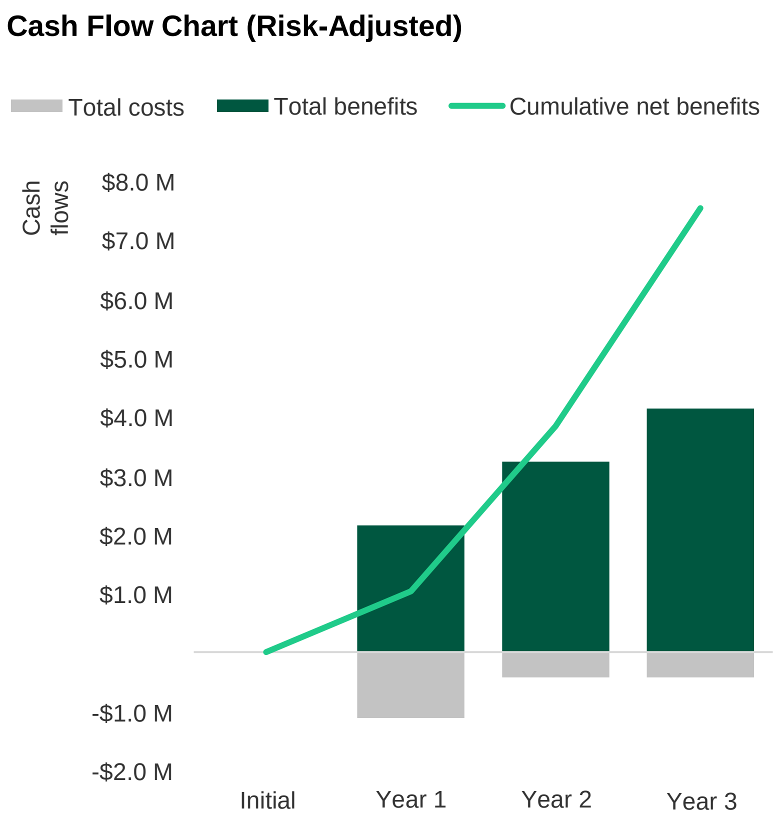


Cost Of Ongoing Internal Support

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
H1	FTEs dedicated to ongoing support	Customer interview		4	4	4
H2	Hours dedicated to ongoing support per year	5 hours per week *50 weeks		250	250	250
H3	Fully burdened hourly rate			$66	$66	$66
Ht	Cost of ongoing internal support	H1*H2*H3		$66,000	$66,000	$66,000
	Risk adjustment	↑20%				
Htr	Cost of ongoing internal support (risk-adjusted)		$0	$79,200	$79,200	$79,200
	Three-year total: $237,600		**Three-year present value: $196,959**			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV and payback period for the composite organisation's investment. Forrester assumes a yearly discount rate of 10 % for this analysis.

These risk-adjusted ROI, NPV and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	$0	($1,120,565)	($429,883)	($429,883)	($1,980,331)	($1,696,948)
Total benefits	$0	$2,154,500	$3,231,750	$4,133,550	$9,519,800	$7,735,101
Net benefits	$0	$1,033,935	$2,801,867	$3,703,667	$7,539,469	$6,038,153
ROI						356%

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify and realise the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organisation.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on 'triangular distribution'.

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organisations typically use discount rates between 8 % and 16 %.

PAYBACK PERIOD

The break-even point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

[1] Source: Anique Gonzalez, "In-House Costs Surpassing Fees Associated With Outside Counsel," Law Crossing, (lawcrossing.com/article/3844/In-House-Costs-Surpassing-Fees-Associated-with-Outside-Counsel/)


FORRESTER®