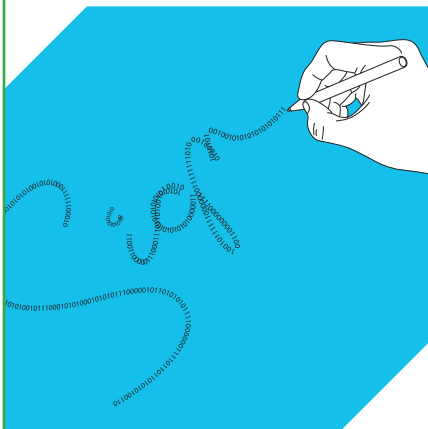


E-Sign on the Dotted Line



Getting a customer to sign a contract—even for a product or service he has agreed to buy—isn't always the mere formality it ought to be. A requirement for multiple signatures, the customer being on the road, or even something as simple as a misplaced fax can all slow down this last, critical phase of completing a deal. The reality is that the signed contract is the documentation without which you don't collect the revenue.

Moreover, contracts are rising in importance. In the next two years, Aberdeen says, the percentage of a company's revenue that will be based on contracts will rise to 68

ON AVERAGE, 18 PERCENT OF AN ENTERPRISE'S SALES CYCLE IS WRAPPED UP IN CONTRACT-RELATED WORK—CREATING IT, NEGOTIATING IT, GETTING IT APPROVED.

Source: Aberdeen Group

percent from 56 percent today. That means that even more of the available sales cycle will be spent handling an administrative task represented by the “last mile”—time that could be much better spent on more productive activities. That's a lot of aggravation, and depending on the size of the sales operation, it may mean devoting tens of thousands or even millions more dollars to running down the paperwork.

SIGN OF THE TIMES

Contract signature systems, which automate many aspects of disseminating, distributing, and finalizing contracts, can be a great way of minimizing the unproductive time that salespeople often spend after the handshake, email, or phone call that “makes their day.” E-signature systems have been in use for years, but one sign that they are becoming more mainstream is the recognition they've gotten from governments worldwide. The European Union approved e-signatures in 1999; the next year, they became legally admissible in the U.S. and the U.K.

Secure e-signature systems offer several important benefits—to the individual or company signing the contract as well as to the company waiting to receive it. One benefit to the signer is speed of delivery; whether the signer is a retail establishment looking to occupy that premium spot in the mall, or the biotech company wanting to offer its employees memberships at the local health club, the

product or service that's sought becomes available sooner.

And there is a convenience factor too: E-signature systems transform contracts from documents that must be dealt with in a single physical place into documents that can be accessed in "the cloud." That means signers can approve contracts from their work or home computers or from mobile devices such as BlackBerrys or iPhones. The resulting liberation is akin to what many people felt the first time they renewed their drivers' licenses online.

TECHNOLOGY THAT FITS—AND BENEFITS—YOUR BUSINESS

Well-designed e-signature systems also have the flexibility to accommodate the contract-approval process at most companies. At a minimum, this means enabling sequential signatures and counter-signatures. At its best, however, the right technology might mean supporting the creation of a customized system to replicate contract-related workflow, or sending electronic reminders to managers whose signoff is still required.

These benefits have been noticed by early adopters of contract signature systems, who include everyone from paint-contracting companies and hotel service providers to many banks and insurance companies. With the business case becoming clearer every day, research firm Gartner expects 30 percent of the Global 5000 to be using some kind of contract management application by 2012.

Those that do may find another advantage beyond faster execution and convenience to the customer. In particular, they may find that a contract management system becomes a tool they can use to fine-tune their sales forecasts. This is true because the databases that are part of good contract signature management systems let sales managers see at a glance which prospective deals are in each salesperson's pipeline. This reduces the amount of guesswork that must be done at the end of a quarter and provides an aggregated look at some potentially actionable information.

CASE STUDY: PREFERRED OFFICES

Preferred Offices, which leases office space and related services to organizations

in the Washington area, is using EchoSign's e-signature system, and offers a clear picture of the benefits of using this emerging technology. The 800 people who use its offices and support services have a variety of requirements and represent a variety of situations. Some are telecommuters who need the occasional conference room; others rent their own office and are in it every day. Some are on temporary assignment in the U.S. capital; others have permanent residence in the area but are working for companies that have run out of space. Some own sole proprietorships; others work for Fortune 50 companies like Microsoft Corp. or JPMorgan Chase & Co.

But Preferred Offices' clients are similar in that every one of them must sign a contract before beginning to use space in any of the company's nine locations. This is true for both types of contracts the company offers: nine-page agreements, which cover the rental of full-time office space; and three-page "virtual" agreements, which give customers a mailing address, a phone number, the use of conference rooms, and other services.

NO MORE PUTTING PEN TO PAPER

For most of its six-year history, Preferred Offices' approach to getting these three- or nine-page contracts into the hands of new or returning customers was pretty typical: by emailing a protected Word document, or sometimes by fax. In a small percentage of cases, customers would actually come into Preferred Offices' headquarters to sign agreements in person.

That manual, high-friction approach is becoming a thing of the past. Since late 2007, when it started using EchoSign, Preferred Offices has transformed contract administration into a systematic process. Here's how it works: After a customer tells Preferred Offices he wants to rent office space, a Preferred Offices salesperson uses the EchoSign service to post a contract to a secure spot on the Web—and to notify the customer via email that the contract is there, ready to be signed. The Preferred Offices salesperson can see what stage the contract has reached—*received*, *opened*, or *signed*. If multiple signatures are required,

EchoSign automatically sends out notifications when the next signature is needed. At every stage, EchoSign provides the sales and administrative staff at Preferred Offices with a transparent view of the contract's status.

As a result, Preferred Offices has been able to cut back on some of the manual, less productive tasks associated with contract finalization. "Time is the big factor," says Christy Cooper, Preferred Offices' senior director of sales and marketing. "We have had instances—especially with virtual contracts—where we can literally have the contracts back within minutes. It has shortened the time it takes to get these things signed—sometimes by days."

Cooper says that Preferred Offices has seen several other benefits of moving to a Web-delivered contract management system. One upside is that all the pages of the contract stay together in a tidy order—not always the case with a document that is faxed, or an attached Word document that is printed out. A second benefit is that a Web document that is locked except for the signature field prevents the customer from taking a pen and "editing" the contract, making the sort of chicken-scratch amendments to standard clauses that add steps (but not often much value) to the process. The third benefit: EchoSign "provides us with an automatic filing system," Cooper says. "I can go into any of my contracts and can see the actual executed agreement."

Because EchoSign uses a software-as-a-service paradigm, Cooper says it was extremely simple to start using. A few training sessions with EchoSign staff, and Preferred Offices was ready to go. The company uses the version of EchoSign that is integrated into Salesforce.com's customer management software; there is also a standalone version for the Web which happens to be the option of choice for a greater percentage of EchoSign's current customers. In the future, Cooper says she hopes to use EchoSign to create a self-service portal where Preferred Offices' customers can see their contracts, putting the agreements at *everyone's* digital fingertips—not just of the sellers, but of the buyers, too. ■