

# **Contract Signature Management: Streamlining the “Last Mile” of the Sales Process**

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**Table of Contents**

Executive Summary ..... 1

Maturing Market ..... 2

Undoing the Fax Machine Shuffle ..... 4

The Cost of Time and Frustration ..... 5

Competing Based on Time ..... 6

Is Contract Signature Management a Good Fit? ..... 7

About the Author and Sponsor ..... 8

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## Executive Summary

It's often said that "nothing happens until someone sells something." Maybe so, but the proof of that sale is usually a document with a legally binding signature.

Contracts are at the heart of most any business that deals with customers and vendors. Every time you make a deal, you need proof of what the parties involved agreed to do.

For large, complex or custom contracts, the time and money spent to handle documents with care is well worth it. You wouldn't think twice about the costs of FedEx, fax and even a courier service if it were essential to getting a signature on a multimillion-dollar contract you've worked months to close.



Yet in many companies, contracts could be classified as almost as a necessary evil—dull, tedious bits of repetitive work that can grind everything to a halt. Truly the "last mile" of the sales process, but oh what an important mile it can be—especially on the last day of a month, quarter or year, when the receipt of a signed contract is required to recognize revenue.

Furthermore, signed contracts have to be referenced from time to time, from multiple departments. Often legal, accounting and human resources personnel, for instance, need to have copies of the same contract. In some companies, considerable time is spent getting documents stored or hunting them down when needed.

This white paper will investigate the opportunity for contract signature management, using a web-based service approach. I will also illustrate how the effective use of electronic signatures has improved the productivity, responsiveness and workflow at several companies.

Here are some of the most important findings in the paper:

- The market for contract signature management is small but growing, as business leaders strive to create fast, easy and cost-effective processes for contract handling.
- Electronic signatures are legal in most developed countries, but some education is needed to put any user concerns to rest.
- With a service delivered over the Internet, implementation can be accomplished in minutes, and user adoption can be facilitated with simple web-based training.
- Justification can be based on reducing the contract signing cycle from days to minutes, freeing up valuable staff time for other activities—or creating competitive differentiation through providing a more pleasant customer experience.

## Maturing Market

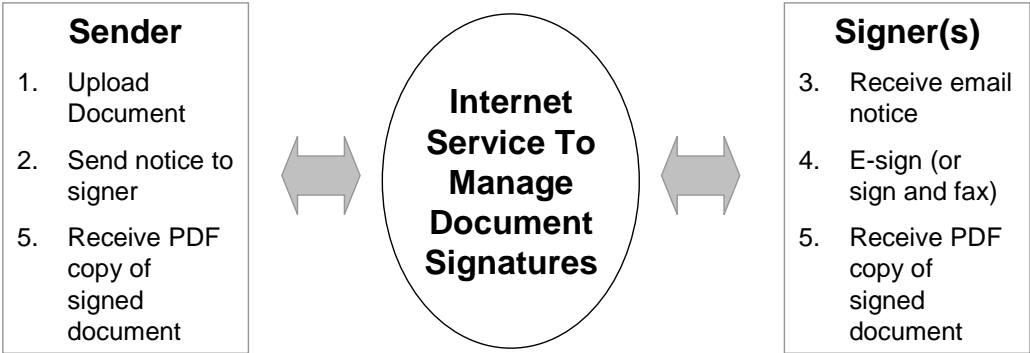
In a February 2008 CustomerThink survey on sales productivity, more than a third of respondents estimated that sales reps spend 40 percent or more of their time in non-selling activities. Much of this is eaten up in administrative activities that, while perhaps necessary, do not help the sales rep or the organization meet their revenue objectives.

Sales processes start with prospects and then culminate after many steps with an agreement to buy. But, until the deal is signed, it's not really done. If sales processes are relatively short, high-volume and repetitive, and that "last mile" of the sales process requires a signed document, it's a good place to look for non-selling time to eliminate.

That's the promise of contract signature management, applications which, as Gartner reports in *Electronic Signature Suites and Services Mature* (February 2008), are designed to "reliably and easily present, sign, route and store electronic records and audit the signing process events to support potential legal proceedings."

Industry analysts report that until the last year or so, this market wasn't well-defined, but now interest is growing and the market is taking shape. Gartner clients are exhibiting "increased interest" in a market that the analyst firm believes had no vendor booking more than \$10 million in revenue in 2007. In my experience, Gartner reports like this signal the emergence of a new category of enterprise applications, which is usually followed by increased vendor activity and user adoption.

### Electronic Document Signature Process



EchoSign, one of the vendors noted in Gartner's report, is betting that its software-as-a-service (SaaS) launched in 2006 will erase a pain-point shared by many businesses required to deal with high-volume sales transactions, using a low-cost, easy-to-use online service. This is essentially following in the footsteps of SaaS market leaders like salesforce.com and WebEx, which popularized on-demand software solutions for CRM and web conferencing, respectively.

### Innovation Sparks New Solutions for Old Problems

Think back to when FedEx was founded. Yale University undergraduate Frederick W. Smith wrote a term paper in 1965 criticizing the inefficiencies in passenger route systems used by most airfreight shippers. His instructor didn't think the idea would fly, but future FedEx customers certainly did. Now FedEx is a \$9 billion a year enterprise delivering everything from documents to parcels because, in business, time is money.

Of course, conventional faxes and newer e-fax services can eliminate document shipments. But why stop there? These services automate just a portion of the process—transmission—leaving the rest pretty much as is, requiring people to send and receive, with time measured in hours and days.

Companies are adopting e-signature services for several reasons, but a major driver is speed and productivity. For repetitive contracts, there is an opportunity to automate more of the contracting process and include filing and archiving, so signed documents can be shared later across the enterprise.

Also, there's no question that businesses are trying to squeeze as much cost as possible out of every process. Witness the massive investments in self-service automation and off-shore call centers, just to name two prominent examples. If contract handling requires significant staff time to manage, it's another good reason to explore automated signature systems.

Finally, in some cases, as you will learn, time can be a key factor in creating competitive differentiation. If your customers would appreciate a quick and painless process to sign up for your goods and services, and your competitors, by comparison, require more cumbersome paperwork, that could be your ticket to growth.

## Undoing the Fax Machine Shuffle

“If you have 20 sales reps standing around the fax machine on the last day of the quarter, you’re losing business.” That’s one insight that EchoSign cofounder and CEO Jason Lemkin says led to the development of a new Web 2.0-based service to get contracts signed, tracked and filed.

Lemkin, who has worked in the sales, business development, human resources and legal realms, can attest to the fact that agreements have historically been paper-intensive. Because he and his cofounders were fans of services like eFax, which has more than a million paid subscribers, they were convinced that companies small and large would welcome automating the contract process.

EchoSign approaches the contract process in two fundamental ways that are reflected in the company name: The “sign” automates getting contracts signed; the “echo” tracks and manages the contracts. The application works on most platforms and supports popular PDAs. As of early 2008, EchoSign claimed more than 250,000 users who, on average, close contracts in 42 minutes. A fax option is available for users who prefer a more conventional signature.

The company, which partnered with salesforce.com, has found strong acceptance from its clients, most of whom located it on salesforce’s AppExchange on-demand application-sharing service.

### Adoption Curve

With any technology, there’s an acceptance and adoption curve. Sure, you have to know how to use the technology, but in some cases you also have to deal with the “fear factor” when dealing with sensitive information. Less than a decade ago, people were reluctant to make purchases online. Today, multitudes of people have gotten beyond the fear that they will lose money or get their credit card number stolen to routinely make purchases online and even pay bills and do banking.

**Fortunately, legislation in the United States, Canada, European Union and the United Kingdom has permitted electronic signatures since about 2000.**

In contract management, a common question is the legality of the signature. Fortunately, legislation in the United States, Canada, European Union and the United Kingdom has permitted electronic signatures since about 2000. But awareness has lagged because electronic signatures have not yet become commonplace in the business world. “Getting up to speed on legality of e-signatures is something our customers typically spend some time doing,” acknowledges Lemkin.

It is straightforward to overcome that hurdle with education, according to Drew Hyde, one of the founding partners of Aurora Lifetools, an organization that represents people with Social Security disability claims. The firm implemented EchoSign into its salesforce.com system in late 2007. “You show them the document chain, and there’s really not an issue,” Hyde says. Furthermore, EchoSign can still automate the signature process for those customers who prefer to use a written or faxed signature.

## The Cost of Time and Frustration

Lawyers and hourly workers have a good idea of how much an hour is worth, but for most of us, time is that unmeasurable factor that drags down our business. Time waiting for phone calls. Time waiting for an email. Time hanging around the fax machine waiting for a signed contract.

You might say that contracts are the lifeblood of Salt Lake City-based Aurora Lifetools. While the Social Security Administration's disability system is a regulatory system and not a legal system, Aurora Lifetools still needs to have a valid contract before it can legally represent a client and access medical records to make the client's case.

Aurora Lifetools has typically taken the Social Security disability system's "low-hanging" fruit, those people whose claims are too small to draw the interest of lawyers. The firm works on a contingency basis, taking 25 percent of what Social Security pays out. Because the actual claim amount is relatively small, say \$4,000, to increase its revenue, Aurora Lifetools must expand its caseload. The more the cases it takes—and wins—the better.

Speed also was a factor for WD Partners, said IT Business Solutions Developer Varun Kanotra. Kanotra consults with WD Partners project teams to help identify and apply the best technology available. The company, which designs and develops stores for multi-unit retailers, was grappling with the sheer volume of contracts required by a specialized store remodel and installation program for one particular client. This single program entailed signing 700 to 800 contracts in just six weeks. "Using the traditional email mechanisms of sending, receiving and tracking was just not sufficient to meet the needs," Kanotra said. EchoSign enabled the company to streamline the entire process, for both the company and its client.

**"Using the traditional email mechanisms of sending, receiving and tracking was just not sufficient to meet the needs."**  
— Varun Kanotra, WD Partners

### Who's Got the Contract?

On average, companies track only 68 percent of their customer contracts, according to Aberdeen Group (*The Contract Management Benchmark Report: Sell-Side Contracts*, April 2006). That's a huge chunk of contracts going astray. How much lost revenue is in those untracked agreements?

To executives at Zango, which provides customers with free online content like videos, games, tools and emoticons in exchange for viewing targeted advertisements, tracking and management was a key requirement. Said Jenn Wallace, product manager, "We had the sales department storing contracts in one location and not passing them on to our legal department or our accounting department. Sometimes our accounting department would get a copy, and our legal department wouldn't get a copy.

There was, Wallace said, a lot of time wasted, trying to hunt down contracts among the three departments. Developing an electronic solution in house wasn't even on the radar because such work wasn't the programmers' core competency. "The amount of effort saved in regard to people hours here in regard to tracking things down is extremely valuable," said Steve Stratz, Zango's director of public relations.

## Competing Based on Time

Aurora Lifetools began with a group of people who had each applied for Social Security disability in the late 1980s. They used their expertise in moving through the system to help others on a non-profit basis. In 2006, company leaders decided to make money on the venture, drawing its revenue from a portion of the money clients received from Social Security—often after an eight-month wait.

In 2007, the company purchased salesforce.com licenses to help create and manage dockets. It was doing, founder Drew Hyde said, about 30 cases a month. Typically, Aurora Lifetools gets its clients from people who have been turned away by lawyers as having too insignificant claims.

### Coping with Growth

With encouragement from its salesforce.com representatives, Aurora Lifetools tried Google AdWords to increase awareness and suddenly had 30 new cases in one day. Because Aurora Lifetools is entirely Internet based, Hyde began searching through salesforce's AppExchange, trying to find tools that could help the company not only keep up with the new business but also streamline its processes in preparation for a many-fold increase in the customer base.

“The reality is that every single day in the country, 10,000 people apply for Social Security, so we're not even scratching the varnish at getting that,” Hyde said.

The company implemented EchoSign in about 15 minutes, which like other SaaS applications, requires getting an account and doing some customization. The company already had templates for the majority of its forms, so it was simply a matter of figuring out where managers wanted the application to fit in the salesforce system workflow and then plugging it in.

The impact was immediate. Before implementing EchoSign, it would typically take five or six days for the company to get an endorsed agreement back. Now that turnaround time is down to just 47 minutes, which EchoSign says is near the average for all of its clients. Using the app is equally simple. When Aurora Lifetools employees want to convert a prospect into an account, they press a button and make a choice selection, and EchoSign sends the form out for signature.

The company has 10 employees who all together handle 15 to 80 contracts a day. Hyde anticipates the company can easily increase its load to 30 cases per person per day because of the increased efficiencies.

Hyde acknowledges that the concept of an electronic signature concerns some prospective clients, who worry that it won't hold up in court. But he explains what he already knows from experience, which is that the proof is in the chain of documents every step of the way.

### Speed Matters

A key factor in the company's success is speed and convenience, thanks in large measure to the EchoSign application. Customers who had come from attorneys' offices were used to the claims process taking two weeks to initiate, Hyde said. “We have them out in a day.”

And beyond that, the customers get an automated email reminder every time a document has cleared a bureaucratic milestone. “That actually feels really good to them,” Hyde said. “They're very aware of where everything is in the process.”

Asked to offer advice to others contemplating EchoSign, he says, “Buy it. Make money.” And then he laughs. “It's so good it makes you want to have everything as a software as a service.”

## Is Contract Signature Management a Good Fit?

How do you know if an electronic signature application is right for you? Those who have already installed the application say its cost is not a factor; nor is implementation. EchoSign clients will tell you that after employees sat through a short demo, they were good to go with the application.

Take a close look at the volume of contracts handled by your organization today, along with the processes you're currently using, and make some projections for the future. Then answer these questions to help you decide whether an investment in contract signature management makes sense for your organization:

1. Does your business deal with a high volume of standard contracts that are necessary but consume valuable staff time and/or eat up the calendar at critical times?
2. How much of your business is already online? If it's a large or fast-growing part of your business, using e-signatures is a natural evolution that will streamline your operation further.
3. Do you have different departments that all need to access the same agreement? And would aligning the contract process with, say, the sales process make your business more efficient?
4. Can you provide a better experience to your customers? Odds are, they'll value a contract-signing process that's easy and efficient, too—and that could give you a competitive edge.

If managing the contract signature process is a bottleneck in the last mile of your sales process, it's worth some time to assess whether automation can help your company—and give your customers a positive experience.

## About the Author and Sponsor

### About the Author—Bob Thompson, CustomerThink Corp.

Bob Thompson is CEO of CustomerThink Corp., an independent customer management research and publishing firm. He is also founder of CustomerThink.com, the world's largest online community dedicated to helping business leaders improve customer-centric business strategies.

Since 1998, Thompson has researched the leading industry trends, including partner relationship management, customer value networks and customer experience management. In January 2000, he launched CRMGuru.com (renamed CustomerThink.com in 2007) which now serves 300,000 business leaders monthly through its web site and email newsletters.

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### About the Sponsor—EchoSign

EchoSign delivers a revolutionary web-based contract signature automation service that manages the business process of getting contracts signed, tracked and filed. EchoSign's application has made using e-signatures as easy as written, paper-based signatures. There is nothing to download or install, and it is as easy as using email. EchoSign drastically improves the signer's experience and offers tremendous value to organizations of all sizes. For more information about the sponsor and contract signature management, visit [www.echosign.com](http://www.echosign.com).