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What To Look For In E-Signature Providers

Segment E-Signature Use Cases To Help In Your Selection

by **Craig Le Clair**

with Connie Moore and Emily Fowler-Cornfeld

EXECUTIVE SUMMARY

Electronic signatures are gaining momentum due to accelerating consumer technology and the need to reduce both transaction costs and the time to close business. But despite increasing customer acceptance, most enterprises adopt e-signatures as an afterthought to larger processes like account opening and allow business units to independently deploy incompatible solutions with poor leverage across IT, compliance, and customers. In response, Forrester has developed an e-signature segmentation framework to help enterprises prepare for increased adoption. The eight top features to look for in an e-signature provider are global reach, company stability, solution accelerators, professional services, a customizable solution, electronic evidence, online session management, and mobile support.

FOUR E-SIGNATURE USE CASES: MEDIATED, UNMEDIATED, THIRD-PARTY, AND INTERNAL

E-signature market momentum is increasing due to rapidly evolving business process and workflow automation. The recent trend to use e-signatures to improve the customer experience is also accelerating adoption. As a result, business process professionals and content and collaboration professionals should make e-signing part of their overall enterprise content management (ECM) and business process management (BPM) strategy; it should be a foundational technology along with records management, eDiscovery, and other content services used across all lines of business.¹

E-Signatures' Key Value Is To Provide Leverage Across Business Units

Multiple roles and groups within the enterprise can develop and use an e-signature framework or segmentation approach. For example, treating e-signatures as a shared service allows business units to make better use of limited IT resources, and IT can define appropriate levels of functionality for various types of processes and users. IT and business process pros should work together to define service packages. By doing this, they will find opportunities like:

- **Clearly visible efficiencies.** One medium-size consumer loan and lease organization pushed hard for a corporate solution and estimated that other business lines could leverage more than 70% of the required development.

“Our leverage included integration with the imaging system, mainframe, loan origination apps, back-end workflow, and adjustments to workflows required to leave the option open for traditional signing.” (Assistant vice president, consumer loan and lease operations, US Bancorp)

- **Shaky business cases that can be tightened.** The cost of an e-signature solution can range from \$250,000 to \$1 million just for the software licenses. And because SaaS is transaction-based, it can exceed this amount over time. As a result, e-signatures face financial hurdles at many enterprises.

“We found that the project had a sufficient business case for only one department. We were the sponsoring organization for e-signatures and needed to paint a picture beyond our consumer area, as the payback for our consumer business did not justify the project.”
(Business analyst, e-signature project team, large consumer products company)

- **Control and governance.** Enterprises already struggle with multiple e-signature solutions and processes — and e-signature adoption has yet to go mainstream. Control and governance is best achieved with a framework that focuses on the business process and not a technology platform, as with Forrester’s recommended framework for ECM and BPM.² In this way, companies can align the appropriate technology or technologies with use case segments.

Segmentation Can Help Build Consensus

Four primary use case areas have emerged that cover the majority of enterprise requirements for e-signatures (see Figure 1):

- **Mediated.** The focus here is on human support. The mediator is an enterprise representative who works in the field, call center, or line of business and serves as a human link between the customer and the business processes, such as helping fill in information on forms, reviewing in-process transactions, and coordinating the signing process. The mediator often handles money transfers, while the business process places a high value on client trust and supports strong legal and compliance requirements. Mediators like insurance agents, financial advisors, and mortgage brokers work with externally facing processes to help clients and help close complex, high-value transactions that require signatures by multiple parties.
- **Unmediated.** This use case focuses on the transaction; the supporting business processes leverage the Web and mobile channels to support customers and depend on a reliable set of system-led interactions to complete a transaction. Unlike the mediated use case, people are not required to fulfill a transaction; however, they stay in the background to handle exceptions, provide technical support, and maintain current content on the site. Transactions involve payment, transfer of positions, account servicing, education, and e-voting, but tend to be higher volume and more commoditized than the mediated use case.
- **Third-party contracts.** Processes in this use case focus on high-value contracts — often one-shot deals — between the enterprise and its external business partners and providers. But unlike the mediated and unmediated segments, third-party contracts are not directed at core enterprise customers. For example, contracts like building leases are high-value, can involve multiple parties, and must be legally binding, but the volume of contracts is not particularly high.

- Internal employees.** The internal employee signature use case, which is somewhat overlooked, involves the efficiency of internal operations. For example, clinical trials in life sciences require researchers to validate steps in the testing process. E-signatures provide control over the process and the ability to track its compliance with regulations. One life science company implemented a digital signature process that saved \$750,000 over five years.³ Manufacturing has a number of processes that require internal workers to sign off on individual tasks. Administrative tasks also may require a verifiable agreement with employees for various HR and internal compliance applications, like employee sign-off for Sarbanes-Oxley revenue reporting, employment applications and agreements, personal history statements, and offer letters.

This framework for e-signature use cases provides a strong starting point that can lead to more effective governance and clearer internal conversations and strategies. For example, one wholesaler of insurance to credit unions is reworking its processes to be more self-service and aligned with retail market approaches. This firm currently sends 100,000 forms per month through the mail to credit unions ranging in sophistication from small organizations with paper-based processes to multibillion-dollar credit unions with online banking. The insurer’s framework created use cases based on how mature or web-ready their customers were, from mediated to unmediated; a business solutions architect at a mutual insurance company told us that they will have standard approaches for each of these categories.

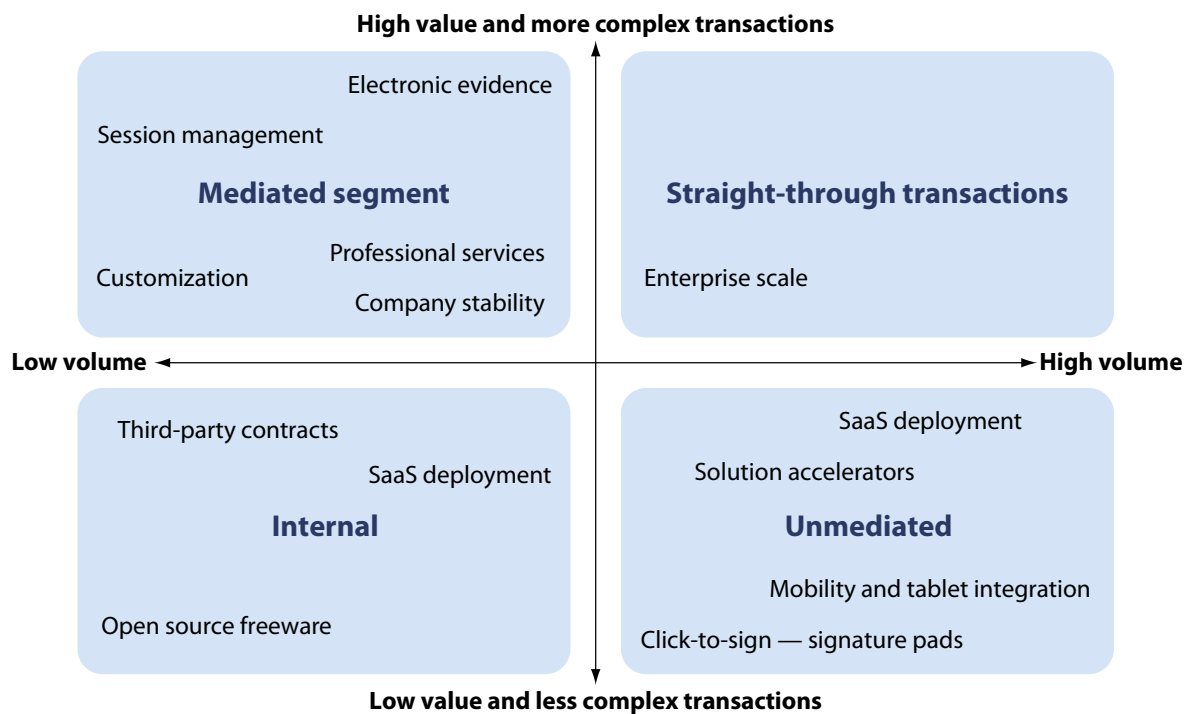
Figure 1 E-Signature Use Case Segments

Use case segment	Signature profile			
	Session characteristics	Human participation	Unique requirements	Examples
Mediated	High-value transactions, low volume, long duration (weeks), multiple documents	Mediator participates as human link, multi-party	Multiparty collaboration, complex integration with account opening, strong electronic evidence, downstream packaging/relevance	Mortgage, car loans, variable annuities, P&C insurance
Unmediated	Lower-value transaction, potentially high volume, leverages web channel	Predominantly self-service, individual	Ease of use, self-service, compatibility with payment systems, mobile support	E-voting, eCommerce, self-directed financial products, commoditize insurance products
Third-party	Nonrecurring, high variability	Multiple parties, previously unknown	Ease of setup, collaboration	Building leases, commercial contracts
Internal	Internal administrative and process tasks	Internal employees	Ease of use, lightweight, inexpensive, strong audit	Pharmaceutical quality control, revenue recognition for SOX compliance

WHAT TO LOOK FOR IN AN E-SIGNATURE PROVIDER

Finding the right e-signature solution provider is difficult due to the wide range of use cases. It helps to understand whether your process requirements are mediated (higher value and lower volume) or unmediated (lower complexity and higher volume). Understanding this type of segmentation will help you focus on the most important provider requirements and determine whether to use an on-premises or SaaS-based solution (see Figure 2).

Figure 2 The Importance Of Provider Capabilities Varies With The Use Case Profile



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Source: Forrester Research, Inc.

The Emerging Nature Of The Market Puts Macro Factors In Play

The e-signatures market is primarily a large number of smallish providers. Current e-signature solution providers are a mix of companies that have been around for a decade or more, newer SaaS entrants, and large vendors — like Adobe Systems, which acquired SaaS provider EchoSign in September 2011 — that have begun to take notice. Given the importance of e-signatures and the relative size of many vendors, enterprises should look for:

- **Company stability and global reach.** Most e-signature providers have less than \$10 million a year in revenue. Economic viability is therefore a good first question. Look for the number

and diversity of customers, number of documents signed, number of signatures, number of transactions, and revenue size and growth rate. And if global reach is important, ask what percentage of their revenue comes from North America, Europe, and Asia.

- **Professional services.** Aside from Adobe, e-signature providers are small. Professional services — or the lack thereof — and a shortage of necessary skills at these firms are cited by many companies as barriers to vendor success. To offset this risk, ensure that your selected provider has 15 or more staff focused on implementations.
- **Evidence of enterprise capability.** Ask how many customers use the proposed solution as a shared service across multiple departments. Ask references if there is a way to separate department-specific customizations from a shared e-signature platform on the back end.
- **Solution accelerators that can help speed deployment.** Some providers have released solution accelerators that can help you implement e-signatures faster and more reliably. Ask providers if they have packaged templates for rapid e-signature deployment and whether these are based on industry best practices.

Technical Factors Also Play A Role

It's easy to get drawn into interesting discussions about the role of encryption in the PKI standard or the pros and cons of different out-of-wallet authentication techniques. But focusing on broader technical issues that can distinguish vendors will be more productive. Take a look at:

- **The completeness of online multisession management.** E-signature providers offer a range of session management capability. Some offer a range of workflow or session management features, although some provide more of a black box e-signature service that integrates with the enterprise workflow or BPM solution. Neither approach is necessarily the right one. Enterprises must decide how much of the overall document-handling process the e-signature tool should do. For example, can the provider control the process from beginning to end? Can you modify, save, or exit a session when a document is missing? Can you add new documents that may require signing to a session? If so, ask the provider to show you how to add signers during a session. Most of these features require the ability to save and transfer “states.” And the ability to capture e-signatures offline is important for many applications.
- **The customizability of the solution.** Products or services that integrate easily provide an open web services layer and good documentation; customizations are easier with a unified and packaged development environment. Can the provider define the signing process based on easily configured rules and process flow? Does the solution allow you to easily customize monitoring and dashboards? How does it track the status of transactions and what leverage can analytics provide — for example, what time did signing occur, how long did it take, and what are the parameters for people who have dropped out of the process: when, who, and how many?

- **The strength of electronic evidence.** Try to determine the provider's distinguishing capability for evidence. Can the solution capture every screen involved in the signing process? How do you know that the documents were presented correctly? Can you define variables and attributes and control them? Can you play back the actual web pages as displayed to the signer? How do they capture the intent to sign? Does the e-signature file provide hashing of the entire document set to tie the signer to the relevant documents? For content management, can you apply record retention policies to the evidence? Can you format evidence into a package that can be exported into an ECM system? Is there an e-vault capability?
- **The extensiveness of mobility and tablet integration.** Mobility will be a strong driver of e-signature adoption and the point of entry for many processes. Providers need to be able to capture and manage a signature process from a tablet or completely within a browser and push text and checkboxes to the device. The demo on the iPhone always looks good, but do they need to create specific apps for every device? It's better to support a device-independent solution that leverages HTML5 or another standard. Signature pads are decreasing in relevance but are still important for installed systems and rural areas.

RECOMMENDATIONS

BUSINESS PROCESS PROS: GET SMART ABOUT E-SIGNATURE PROCESSES

The increasing interest in e-signatures will challenge business process pros to come up with solutions — more quickly than many would like or anticipate. Resist the pressure to implement a one-off solution and step back to see where other parts of the business can use e-signatures. In particular:

- **Set the tools aside during the initial phases of the project.** The greatest value comes from thinking about the business process. Don't focus too much on the old manual system; focus on the new process. Re-engineer the process first and then pick the tool. Focusing on the tool too early is a huge pitfall — avoid it.
- **Start by asking critical questions.** What sorts of documents really need to be signed? Where and how do the documents need to be presented to the signer and returned to you? Are you subject to regulatory requirements that compel you to retain and securely store the (electronic) copies of the signed documents for a certain period of time? Do you have the IT expertise in house to run and maintain the solution, or are you comfortable with the documents being processed by and/or stored on third-party servers?
- **Use a proof-of-concept approach.** Prepare three short scripted scenarios for vendors for a proof of concept (POC) with your document and data. This allows you to see how each vendor handles the same process. Consider inviting other participants outside of IT to evaluate the pilot and record oral input after each POC demo.

- **Understand integration requirements early.** Forrester has outlined enterprise requirements like support for multiple signature methods, compatibility with existing login and authentication mechanisms, and the ability to leverage external databases for identity-proofing new customers. The ability to comply with existing laws and to adapt to changes in e-signature legislation is also important. But give heavy weight to the ability to integrate with back-end systems to allow straight-through processing and avoid customization.

WHAT IT MEANS

E-SIGNATURES REQUIRE BIG PLAYERS TO ENTER THE MARKET

E-signature adoption will be driven by rapid uptake of consumer technology, particularly mobile applications, with embedded signing authority. SaaS providers DocuSign and Adobe are well positioned for this uptake, which will target the unmediated use case. Vendors of leading on-premises solutions, such as ARX, CIC, and Silanis, also offer SaaS solutions but provide more advanced and customizable solutions for the mediated segment. But ultimately, big players like IBM, Microsoft, and Oracle will need to invest in and acquire the best-of-breed niche vendors that are currently sprinkling the market with solutions. The increasing interest in e-signatures will challenge business process pros to understand the role of e-signatures in a redesigned process and come up with solutions.

ENDNOTES

- ¹ Forrester helps clients with their ECM strategies. Most firms can organize governance and technical competency centers around four or five segments that describe how content is used in an organization. This approach allows shared services for content technologies, best practices, measurement, and governance to be created and deployed across business groups. For a description of this approach, see the February 25, 2011, “Best Practices: Developing An ECM/BPM Strategy” report.
- ² Forrester has created a business process framework for ECM and BPM that aligns ECM technology with how it is deployed to support business processes. Please see the February 25, 2011, “Best Practices: Developing An ECM/BPM Strategy” report.
- ³ ARX has numerous e-signature installations in the life sciences industry and supplied case studies for Forrester’s review.