

A Forrester Consulting  
Thought Leadership Paper  
Commissioned By DocuSign  
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# The State Of Systems Of Agreement, 2019

Organizations That Connect And Automate The Entire Agreement Life Cycle Can Do Business Faster, At Less Cost, With Less Risk, And With A Better Customer Experience

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# Executive Summary

Agreements — whether with customers, partners, or employees — are the basis of business. They come in all forms and are everywhere within an organization, from sales contracts to purchase orders to employee offer letters. Each agreement has potential to either improve or worsen the relationship with your company. Thus, making agreements easy, efficient, and secure is as essential for relationship building as it is for operational benefits.

Organizations across the globe are working to transform digitally to drive employee productivity, improve customer experiences, and increase security. These initiatives thrive when organizations place a premium on driving end-to-end automation wherever possible. Digitizing and automating agreement processes should, therefore, be a critical component of your digital transformation strategy.

In February 2019, DocuSign commissioned Forrester Consulting to evaluate the maturity and automation of organizations' agreement processes. To explore this topic, Forrester conducted an online survey of 605 business leaders responsible for document-intensive processes at organizations in North America, Europe, Asia, and South America with 250 to more than 20,000 employees. Forrester supplemented the survey with five phone interviews for further qualitative insights. We found that while organizations are on the road to digitizing their agreement processes, they still have many manual processes and unintegrated systems that drive inefficiency and negative experiences for everyone involved. Modernized digital agreement processes drive substantial business benefits including cost savings, better security, and superior employee and customer experiences.

## KEY FINDINGS

- › **Modernizing agreement processes is key to achieving business priorities.** Organizations are pursuing digital transformation initiatives to improve customer experiences, strengthen security and compliance, and improve employee productivity. With two-thirds of departments processing at *least* 500 agreements per month, slow, manual agreement processes stand in the way of each of these goals. For example, 45% of firms feel their inefficient, manual agreement processes have yielded poor customer experiences.
- › **Organizations are on the path to agreement automation but have work to do.** Most companies have automated aspects of their agreement processes, yet their processes still involve a lot of manual tasks that result in extra work, errors, unnecessary costs, execution delays, and security and compliance risks. There is abundant opportunity for further process automation and optimization to do business better.
- › **Automated and connected agreement processes drive substantial business benefits.** Agreement process digitization and automation drive both qualitative and quantitative benefits, including greater productivity, increased visibility, reduced risk, and better experiences for customers and employees.

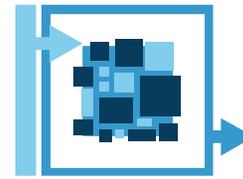


“It’s six times faster to deliver an order form to our customers using our digital experience versus our legacy. We process orders three times faster in the digital experience versus the old one.”

*Digital transformation lead,  
financial services company*

# Agreements Are The Lifeblood Of Digital Transformation

Today's organizations are undergoing a number of transformations to increase efficiency, improve customer satisfaction, and drive revenue. Over time, organizations have come to prioritize accelerating their digital transformations and improving customer experiences as key drivers of their process improvement efforts (see Figure 1). One of the primary ways to achieve these goals is through automating agreements. As businesses run on agreements of all sorts, improving the processes by which agreements are reached and executed is critical to these efforts. Most firms have recently undergone, are currently undergoing, or have plans to undergo modernization of their agreement processes within the next year. These efforts include systems that help to prepare and collaborate on agreements, obtain electronic signatures, act on the terms of agreements, and digitally manage and analyze completed agreements.



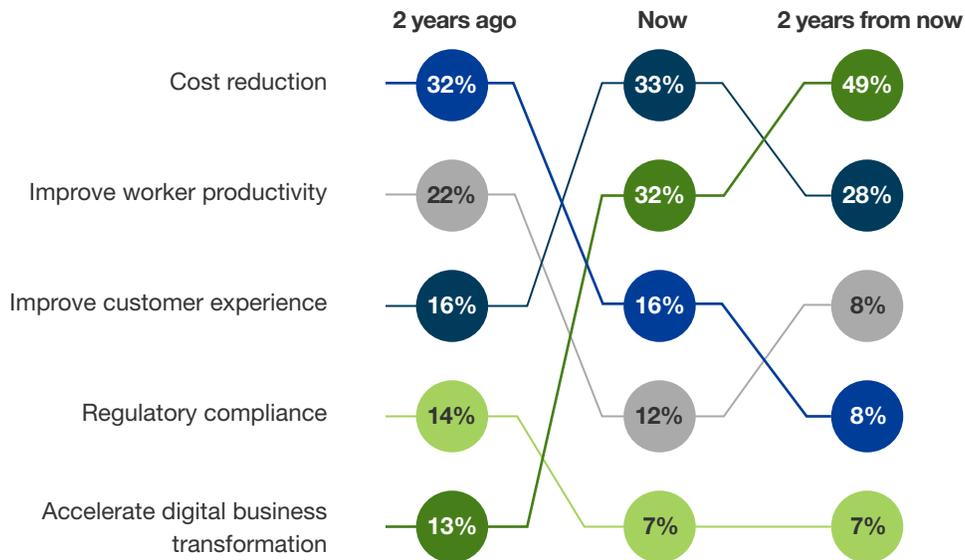
"If we're going to operate at the same level as the rest of the company and as all of our competitors, we need to be digital."

*Chief legal officer, consumer services company*



**Figure 1**

"What's the primary focus of process improvement efforts for the time periods below?"



Base: 354 business and technology decision makers

Source: "The Growing Importance Of Process To Digital Transformation," Forrester Research, Inc., May 8, 2018.

In surveying 605 respondents from around the world, we found that:

- › **Improving agreement processes is low-hanging fruit for driving better customer experiences.** Improving the customer experience (CX) is the top business initiative for organizations overall in 2019. Seventy-four percent of respondents cite this as a high or critical priority. Strengthening security and compliance (72%), increasing employee productivity (69%), and increasing business agility (68%) follow closely after (see Figure 2). As organizations look for where to maximize the impact of their investments in improving the customer experience, it makes logical sense to start by addressing customer interactions that are inefficient, impactful, and relatively easy to fix. Contracts (and other forms of agreements) tick each of these boxes. Every business relationship starts with some form of agreement, so improvements in this area will touch every customer; our study found that two-thirds of respondents' departments process at *least* 500 contracts or agreements per month.



Automation is crucial to supporting agreement processes at scale: Two-thirds of respondents' departments process at least 500 agreements per month.

Figure 2

“To what extent are the following initiatives priorities for your company in the next year?”



Base: 605 decision makers for document-intensive processes  
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2019

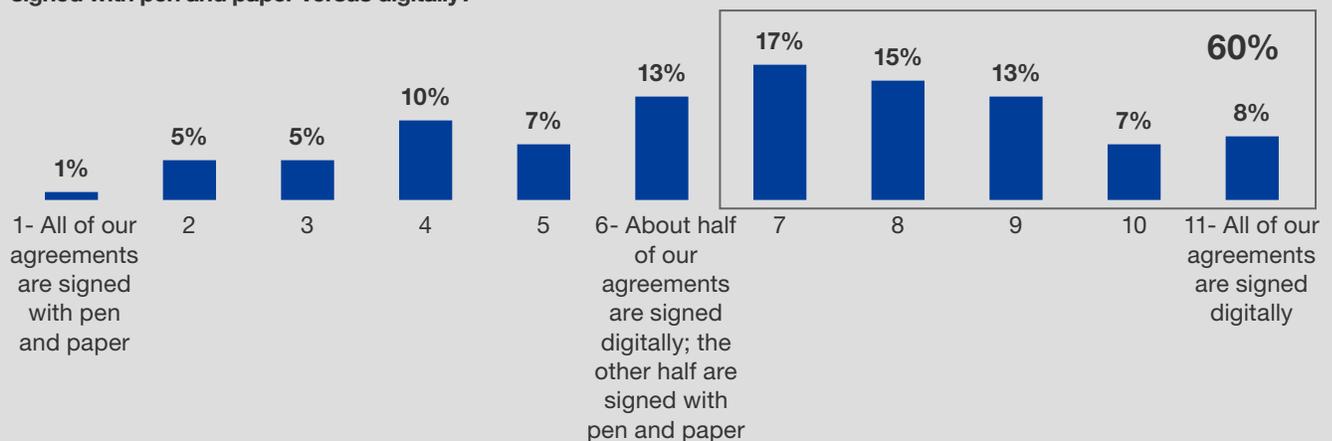
Improving the customer experience, strengthening security and compliance, and increasing employee productivity are the top three process improvement goals for 2019.

- › **Organizations are still mired in manual processes.** Customers have become accustomed to e-signature for several use cases, and businesses in turn have worked electronic signatures into many agreement processes. While only 8% of decision makers say that *all* of their departments' agreements are signed electronically, 60% report that most of their contracts are signed digitally (see Figure 3). But collecting a signature is just one small step in the overall agreement life cycle; our study found that the rest of the life cycle — including the preparation, enactment, and management of agreements — is less likely to be digitized, connected, and automated. While it varies by department and vertical, most agreement processes have at least some manual elements at some point in the life cycle, with only 3% to 22% of respondents saying that any given process is “fully digital.” Inefficient processes pervade the agreement life cycle: Among the least efficient are generating agreements, routing completed agreements to the right people or systems, finding completed agreements, and reporting on trends, milestones, and obligations in completed agreements.
- › **Paper is still the expected medium for certain use cases — but this is shifting.** The adoption of digital agreements is growing across regions and industries, but not necessarily at the same rate. For example, government decision makers are more likely than other leaders in other industries to cite inefficiencies in getting agreements signed (43% vs. 32%) — not surprising given that government has historically been slower to invest in business technology.<sup>1</sup> In one interview, a VP of revenue operations for a software company aptly summarized this trend of uneven adoption, using e-signature as an example: “Electronic signature is experiencing an ongoing evolution around the world. Some countries and regions and markets are more attuned to doing this than others, and I think that’s just the natural progression of technology and the legal aspects of electronic agreements.”

Across industries and roles, only 3% to 22% of respondents say that any given process is “fully digital.”

Figure 3

“When thinking about all of the contracts used within your department, what percentage would you say are signed with pen and paper versus digitally?”



Base: 605 decision makers for document-intensive processes

Note: Percentages don't total 100 because of rounding.

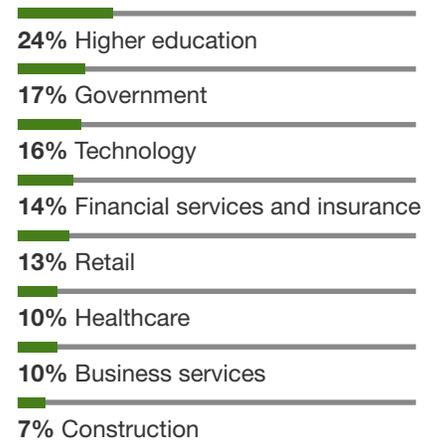
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2019

# Maturity Across The Agreement Life Cycle

End-to-end automation of agreement processes is fundamental for organizations focused on digital transformation and superior CX. Wherever your organization is on the path to modernizing its agreement processes, chances are there is room to grow. Overall, only 13% of organizations are “leaders” that have achieved significant efficiencies through all phases of their agreement life cycles; this ranges from a low of 7% in the construction industry to a high of 24% in higher education (see Figure 4). These leaders have robust automation and integration between their systems of agreement and systems of record to maximize efficiency and visibility through the agreement life cycle (see Figure 5).

**Figure 4**

**Proportion of agreement modernization “leaders” by industry:**



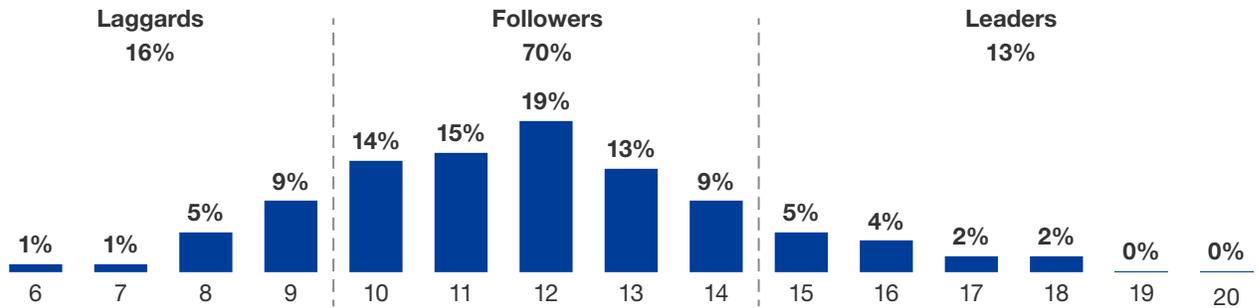
Base: 505 decision makers for document-intensive processes  
 Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2019

**Figure 5: The Ends Of The Agreement Modernization Spectrum**

Life cycle stage	Laggards	Leaders
<b>Preparation</b>	Agreements are prepared manually each time, from scratch.	Agreements are prepared from templates that are auto-populated with data from systems of record.
<b>Collaboration</b>	Legal either doesn't track or sign off on changes, or must do so using manual methods with a lot of back-and-forth.	Employees have access to an approved legal clause library, and collaboration changes are captured automatically as legal evidence.
<b>Signature</b>	Signatures are physical and are sent and received using manual methods such as fax, mail, or email.	Signatures are electronic; they are sent and received via automated workflows; identities are digitally verified in accordance with regional laws.
<b>Enactment</b>	Information in signed agreements must be rekeyed into other systems of record, and employees must take additional actions to initiate billing, provision service, make a payment, etc.	Agreements are automatically uploaded into systems of record and automatically trigger predefined actions such as initiating billing, provisioning services, making payments, etc.
<b>Storage and management</b>	Paper agreements are stored in filing cabinets, or digital agreements are stored across a variety of systems. Locating a specific agreement requires searching in multiple places.	Agreements are stored and searchable in a single repository, or searchable via a single interface to multiple repositories, using keywords, concepts, or other AI-like techniques.

Figure 5 (Cont.)

Distribution of maturity scores (maximum possible score = 20):



Base: 505 decision makers for document-intensive processes

Note: Percentages do not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2019

Our study found that organizations are further along the path in some stages of the agreement life cycle than others (see Figure 6). Fully modernizing agreement processes involves addressing each of the following stages:

- › **Preparing agreements.** The earliest stage of the agreement life cycle — preparing and collaborating on agreements — is one of the least consistent and efficient. Only 6% of our respondents say that their organizations’ agreements are generally based on templates that are auto-populated by systems of record. The vast majority of agreements (84%) are generated manually, either from scratch, by altering an existing agreement, or by manually filling in a template. Collaboration with legal is also inefficient: In 64% of cases, legal must approve any changes; this rises to 72% for governments. Changes are usually not captured as evidence in the collaboration process, and only 18% of respondents have access to a legal clause library that includes verbiage for frequently requested changes.
- › **Signing agreements.** The process of collecting signatures on agreements through electronic means has seen the widest adoption. Companies have recognized the significant time and cost savings associated with using e-signature tools, which can verify the identity of signees and ensure that they’re filling out forms correctly. Sixty percent of respondents state that they use electronic signatures for most or all agreements; conversely, only 13% of organizations still rely heavily on pen-and-paper signatures. Insurance companies have made the most progress in this area, with 79% using e-signatures for most or all agreements and just 6% relying heavily on pen-and-paper.
- › **Acting on agreements.** After an agreement is signed, things still need to happen: The terms of the agreement need to be acted on, such as to provision a new account and initiate billing; also, systems of record need to be updated. More than half of all respondents in our study (54%) feel there is substantial integration and automation between their organizations’ e-signature solutions and systems of record, but use of automated workflows to trigger actions in other systems is less prevalent. Some respondents are less optimistic about progress in this area, indicating lack of alignment on how much integration and automation is ultimately needed. For example, 38% of legal respondents feel their e-signature solutions and systems of record are substantially integrated and automated, compared to 65% of sales respondents.

“We’ve seen a reduction in time and cost to get a contract either signed or negotiated. We’re finding that it takes about 15 minutes to get contract signed, where it used to take days to weeks. In terms of cost savings, each digital envelope saves the company \$25, multiplied by over 300,000 envelopes sent last year.”

*Global service manager,  
pharmaceutical company*



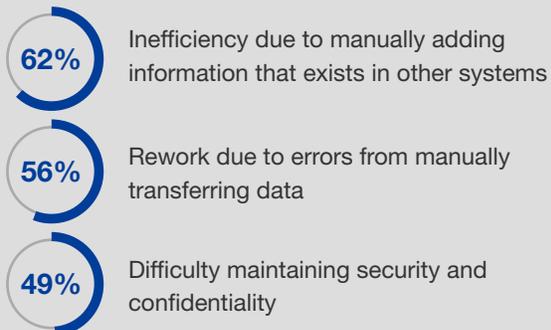
› **Managing agreements.** The final stages of an agreement life cycle — which include storing, managing, and ultimately retiring agreements — are the phases in which many organizations have the least sophisticated processes. Our study found that 49% of organizations lack systems to easily find and manage agreements through a single interface, and only 10% use AI-driven interfaces to allow for quick and natural searching and analysis. Our data shows that organizations too commonly store agreements in siloed systems that require manual searching. Even worse, 19% of organizations store agreements on individual employees’ hard drives or in file cabinets so they are not searchable at all. Interestingly, governments — which lag other industries in many areas — are leaders in using AI-driven interfaces for quick search and analysis (20% have these systems in place) and are less likely to store agreements in unsearchable drives (15%). Meanwhile, financial services firms are more mature in other areas but lag in managing agreements: Just 6% have AI-driven interfaces, and 27% are using unsearchable drives/file cabinets.

**Figure 6: Organizations Have Challenges Across The Agreement Life Cycle**

**PREPARING AGREEMENTS**

Maturity level: 

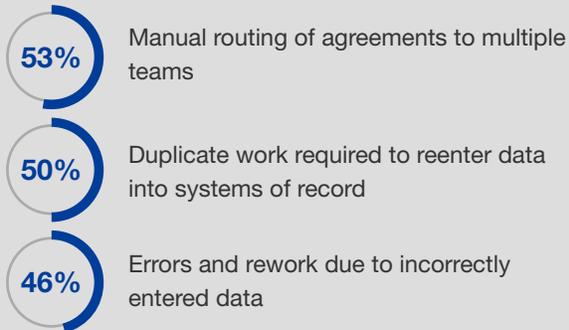
Top challenges:



**ACTING ON AGREEMENTS**

Maturity level: 

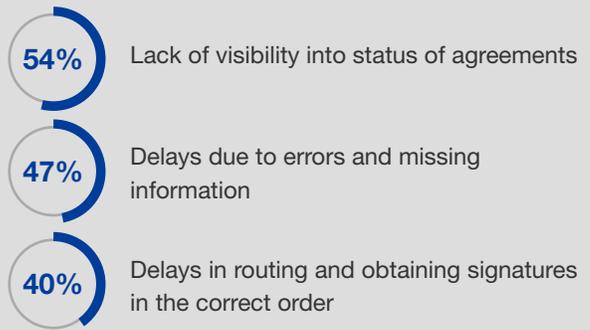
Top challenges:



**SIGNING AGREEMENTS**

Maturity level: 

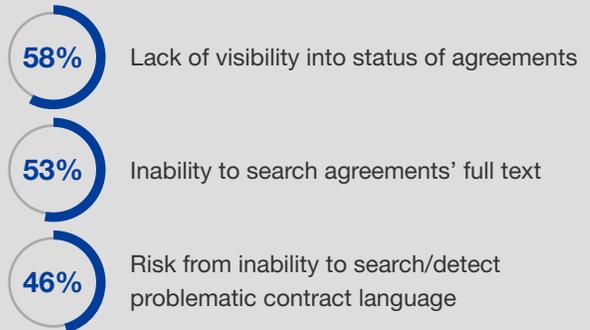
Top challenges:



**MANAGING AGREEMENTS**

Maturity level: 

Top challenges:



Base: 605 decisionmakers for document-intensive processes  
 Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2019

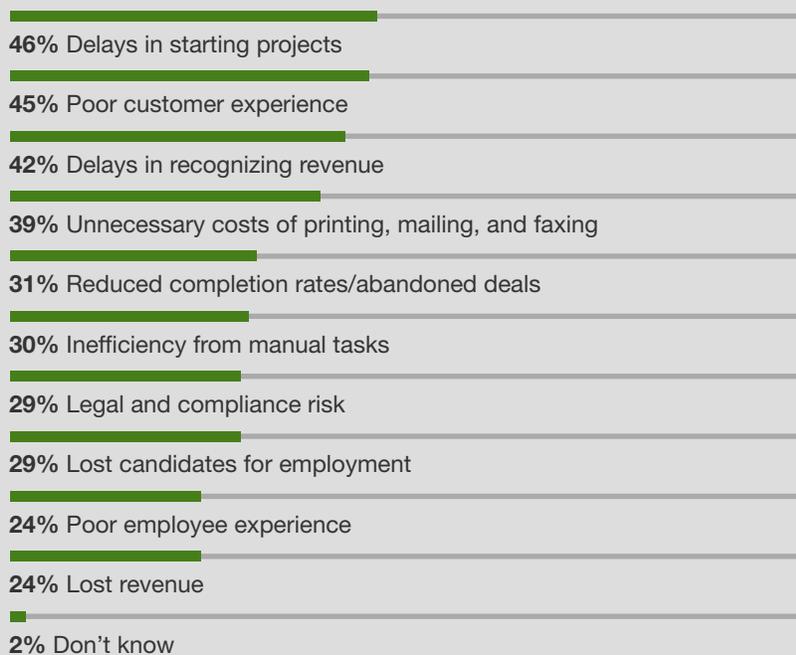
## MANUAL AGREEMENT PROCESSES LEAD TO PROJECT DELAYS, POOR CX, AND DELAYS IN REVENUE RECOGNITION

A lack of maturity in digital agreement processes leads to a number of consequences. In the past year, 46% of organizations have experienced delays in starting projects, 45% have delivered poor customer experiences, 42% have had delays in recognizing revenue, and 39% have had unnecessary printing, mailing, and faxing costs, all as a direct result of inefficiencies somewhere in their agreement life cycle (see Figure 7). Key challenges include:

- › **Inefficiencies and delays.** Every bit of manual work that is required slows down the agreement process and adds labor. In preparing agreements, respondents cited inefficiencies with manually adding information to contracts that already exist in systems, rework due to errors from manually transferring data, and delays due to lengthy contract preparation processes. When lacking electronic signature capabilities, organizations must manually mail, fax, or email contracts over to signees, wait for them to sign, wait for the contract to be returned, and then manually process the agreement. If there are errors, this process must be repeated until the agreement is signed properly. Finally, having to manually transfer data from agreements into systems of record, and needing to manually enact agreement terms in executional systems such as for billing, opens the door for yet more errors and delays the fulfillment process.

Figure 7

“In the past year, which of the following consequences has your organization experienced as a result of inefficient and/or manual agreement processes?”



Base: 605 decision makers for document-intensive processes

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2019

Inefficient and/or manual agreement processes have created problems for 98% of organizations. Most notably, these processes have compromised many organizations' CX, employee productivity, and security goals.

- › **Lack of visibility.** Digital tools can dramatically improve the ability to collaborate on agreements, track changes that are made along the way, and track the progress of agreements as they're routed to signees and back to the systems and delivery teams who will fulfill them. Once the agreement is being executed, contract lifecycle management (CLM) capabilities are required to have consistent visibility and searchability into the agreements that are in effect. When organizations use paper-based processes to manage agreements, lack of visibility and control are widely felt consequences: 57% of respondents feel that they have a lack of visibility into the status of agreements while they're being signed, 51% are unable to effectively search the full text of their agreements, and 38% are unable to get a holistic view of operational and other data in contracts.
- › **Security/risk/compliance issues.** All of the above issues logically lead to unnecessary and extremely risky legal and compliance exposure. More manual data routing and entry mean more eyes on sensitive data and greater possibility for errors; a lack of system integration and visibility means that any errors or problematic clauses in agreements are less likely to be caught. Thirty-nine percent of respondents encounter unnecessary legal and compliance exposure in their signing processes, 42% have difficulty maintaining security and confidentiality when acting on agreements, and 48% have encountered risk from the inability to search or proactively detect problematic contract language.

## The Benefits Of Modernization

Some companies are further behind in their agreement modernization efforts than others for a number of reasons, including security and legal concerns, but the most cited barrier is simply a lack of vision and prioritization. This changes quickly once organizations automate a few agreement processes and start to realize the substantial impact that it can have on productivity, security, and the customer experience. Once these efforts start, they tend to snowball. Said one respondent: "When we first started, our CEO said, 'Hey, there's probably a hundred processes that [we can modernize] to improve the customer experience.' Well, four years later, we're at 550, so it just shows how it evolves. We've exceeded the number of processes that we originally thought were even available." The benefits of these efforts come in many forms, including (see Figure 8):

- › **Increased efficiency and employee productivity.** The efficiency of modern agreement processes is the cornerstone benefit that drives all others. Automated, digital processes result in reduced turnaround times, fewer errors, and much less manual labor. Our interviewees reported some extreme savings: One financial services company reported \$20 million to \$30 million in savings. A software company cited a 67% reduction in the time it takes to have sales reps review and accept its compensation plans. A telecommunications company audited its actual time savings and found that e-signature was saving employees an average of 25 minutes per use.

"When staff members were saying, 'Why should I use e-signature?' we said to them, 'We'll give you back 25 minutes in your day every time you use it.' That meant that they wouldn't have to stay late and miss their sporting function. It meant that they weren't under pressure to maybe miss picking up their kids from kindergarten. It really meant something personally to them."

*Head of professional services, telecommunications company*

Figure 8

### Top benefits of digital agreement processes:



Increased efficiency and employee productivity



Improved customer experience and satisfaction



Increased security and compliance

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2019

- › **Improved customer experience and satisfaction.** Employees aren't the only ones who benefit from the faster processing and fewer errors that digital provides. Today's customers expect instant gratification, and they benefit greatly from it when they are able to quickly negotiate and sign off on agreements and have their orders fulfilled automatically. The head of professional services at a telecom company told us: "Our customers can communicate with us in an even better way and improve the customer experience. They can check files on their mobile device and not have to worry about paper."
- › **Increased security/compliance.** Improving security, confidentiality, and compliance with clearer tracking and monitoring of documents and approvals is the top ranked business driver for modernizing systems of agreement (see Figure 9). Digital automation of agreement processes means fewer eyes on sensitive documents, fewer opportunities for errors, and easier management by legal departments. We interviewed the chief legal officer of a consumer services company, who said: "One of the huge benefits has been that we're able to have control over the contract; some people that didn't have the signing authority or hadn't gone through legal were signing. Now, the only people who have access to do that are within the legal department. If someone is getting a contract, they know it's been signed off on by legal."



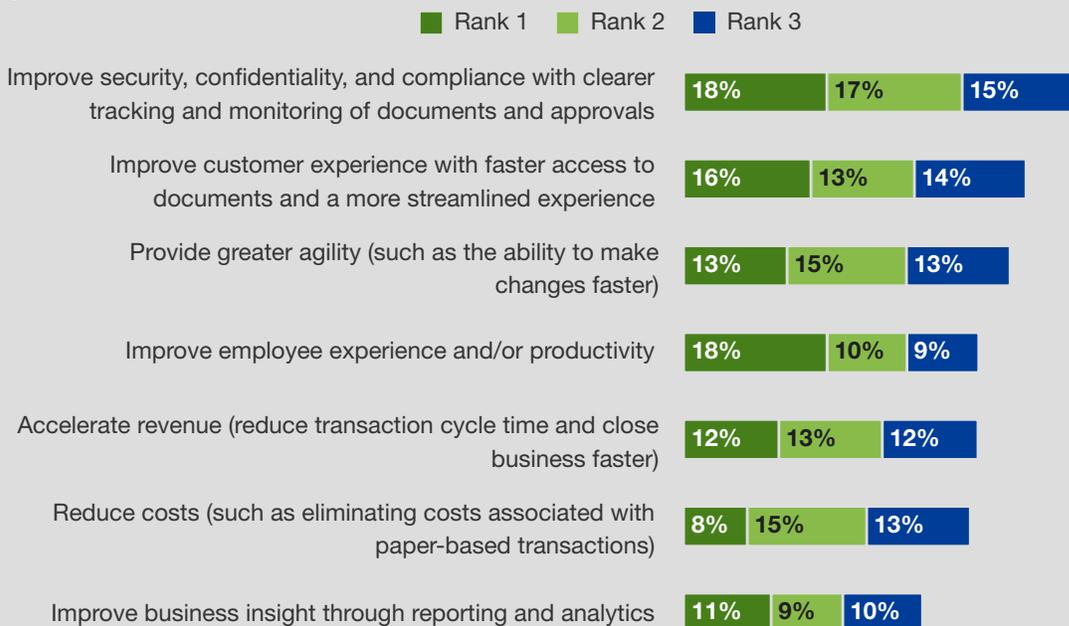
"We've probably saved in the neighborhood of \$20 million to \$30 million in annual run rate savings so far. And there's more work for us to do because we're not done yet."

*Digital transformation lead,  
financial services company*



Figure 9

"What are the top business drivers for modernizing your systems of agreement? Please rank up to your top three, with 1 being the most important."



Base: 605 decision makers for document-intensive processes

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2019

# Key Recommendations

As organizations aim toward digital transformation, the need for true end-to-end automation becomes clear. With agreements, automation of signatures is a common first step, followed by the processes before and after the signature.

Forrester's study yielded several important recommendations:



**Think bigger than e-signature.** The value of electronic signatures is clear. However, e-signature is also a critical part of a broader strategy. Align your e-signature efforts with broader agreement and process automation. Apply e-signature within process automation as a critical capability to ensure consistency, speed of execution, and process transparency.



**Drive standardization to support digital transformation.** Agreement automation is not limited to customer interactions. It's a pervasive organizational requirement. As you define an architecture, make it part of the overall architecture for process automation. Define a consistent architecture and approach for agreement automation and e-signature that is integrated with your overall business software architecture. Digital transformation thrives on scale and standards. Work with IT and the people in charge of digital transformation to ensure a consistent approach to process and agreement automation. Define an approach that ensures that systems are automatically updated without manual rekeying or other human intervention and that the end-to-end process is as automated and transparent as possible.



**Focus on customer outcomes.** Seventy-four percent of companies cite improvement of customer experience as a high or critical priority in the coming year. The role of e-signature in achieving this goal is clear, but don't stop there. Automate the process before and after the signature to streamline the experience for customers even more. As you proceed, make customers your partners in automation. Remember, your customers must embrace the solution and see the value.

*“Best practices include change management and enforcement. There is a degree of change management with whoever is facilitating the process and interfacing with the customer, making sure they understand why it's important.”*

*VP of revenue operations, software company*

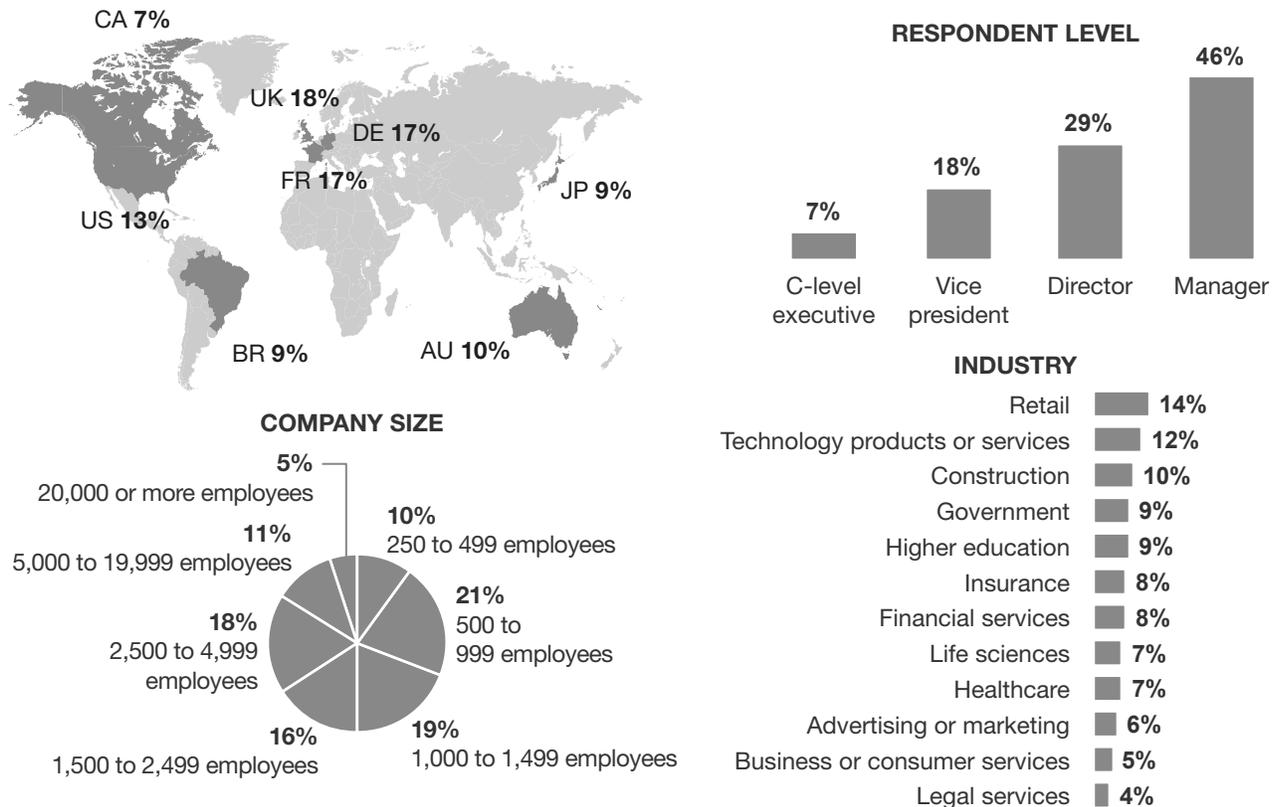


**Include governance, risk, and compliance (GRC) pros.** While better customer experiences and improved efficiency are important, don't forget that process improvement and agreement automation also drive consistency and result in fewer errors. Properly implemented, these can drive far better security, privacy, and compliance. Include GRC professionals in your automation initiatives. They will need to approve the approach and will be major beneficiaries.

# Appendix A: Methodology

In this study, Forrester conducted an online survey of 605 organizations in the US, Canada, the UK, Germany, France, Australia, Japan, and Brazil to evaluate their agreement processes across departments. Survey participants included manager-level and above process decision makers in document-intensive roles, including IT/operations, procurement, legal, sales, and human resources. Forrester also conducted five 30-minute phone interviews with respondents fitting the above profile who have achieved advanced digitization in their agreement processes. Questions provided to the participants asked about their business priorities, levels of digitization of various agreement processes, challenges with current processes, barriers to modernization, and future plans. Respondents were offered a small incentive as a thank you for time spent on the survey. The study was conducted in February 2019.

# Appendix B: Demographics



Base: 605 decision makers for document-intensive processes  
 Note: Percentages may not total 100 because of rounding.  
 Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2019

# Appendix C: Supplemental Material

## RELATED FORRESTER RESEARCH

- “The State Of E-Signature Implementation,” Forrester Research, Inc., October 27, 2017
- “The Forrester Wave™: Contract Lifecycle Management For All Contracts, Q1 2019,” Forrester Research, Inc., January 8, 2019

# Appendix D: Endnotes

<sup>1</sup> Source: “The 2018 Outlook For US Industries And Their Tech Budgets,” Forrester Research, Inc., December 3, 20