

A Forrester Consulting  
Thought Leadership Paper  
Commissioned by DocuSign

April 2020

# The State of Systems of Agreement, 2020

Challenges and Advances in the Digital Transformation of Agreements and Agreement Processes

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9 out of 10 firms are burdened by manual agreement processes.

## Executive Summary

All business processes rely on agreements — whether those are agreements between business units, clients, partners, employees or even a mix of these stakeholders. Now more than ever, firms are examining their agreement processes to determine where and how they can be more efficient, more user-friendly and more secure. While there have been improvements year over year, the opportunity is still vast for firms to continue digitising, automating and connecting their agreement processes.

In January 2020, DocuSign commissioned Forrester Consulting to evaluate firms' systems of agreement, which are defined as the collection of technologies and processes used for preparing, signing, acting on and managing agreements. Agreement types include contracts, offer letters and the many other types of written agreements used across nearly every business function.

Forrester conducted an online survey of 954 global technology purchasing decision makers to explore this topic. Forrester supplemented the survey with five phone interviews for further qualitative insights. While firms still face challenges across the agreement life cycle, with some processes remaining manual, organisations are becoming increasingly connected and digital.

### KEY FINDINGS

- › **Nine out of 10 firms are burdened by manual agreement processes.** These processes are to blame for poor customer experiences, project delays and increased costs and they can negatively impact firms' ability to recognise revenue.
- › **Leaders are transitioning past the table stakes of digitising agreement process steps and moving directly toward automating and connecting those steps together.** The typical pattern starts by digitising signatures. It then brings in and connects the systems of record to pre- and post-signature processes — this is all orchestrated across a common workflow.
- › **Customer experience remains a top driver for the second year in a row.** Seventy-nine percent of surveyed firms cited improving customer experience (CX) as a high or critical priority. With agreement processes, electronic signature technologies enable an obviously better customer experience. And while the effect of automation on CX is understated, due to its limited visibility, the efficiency it can provide to employees still holds true. For example, an automated contracting process allows a sales rep to deliver a faster, better experience to their customer by reducing manual steps.

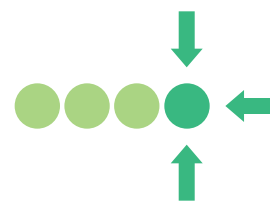
## Firms move toward Process Modernisation

Agreements such as contracts and offer letters are foundational elements of business. As a result, it is no surprise that agreements and agreement processes are part of most organisations' digital transformation efforts. What might be more surprising is that 98% of surveyed firms have problems efficiently preparing, signing, acting on and managing agreements. They have pockets of automation, but they often lack connection across silos into an integrated system of agreement. The issue becomes more critical in light of Forrester's Q1 2020 Global Process Automation Survey, in which over 50% of respondents stated that their goals for process improvement included either the automation of large numbers of currently manual processes or the complete transformation of end-to-end processes to support digital transformation.<sup>1</sup> Systems of agreement are a critical component of an end-to-end automation strategy.

The current state of affairs is similar to our findings from 2019's 'State of Systems of Agreement' research.<sup>2</sup> Last year, Forrester's research concluded with the fact that true end-to-end automation is necessary for strategic digital transformation. Automation of signatures is the first critical step, but true transformation also requires integrating the processes before and after the signature. Partial movement is a common phenomenon in any digital transformation effort, but for agreements specifically, it is not enough. Many firms start with eSignature as the first step, but greater efficiencies can be gained by automating key parts of the process before and after the signature.

This year, Forrester finds that firms are optimistic about how they are improving, but most still find themselves in the same position they were in last year. Forrester's survey of 954 decision makers found that:

- › **Agreement processes are still largely manual and hampered by business inefficiencies.** While there have been some instances of digital shift by department and industry, nine out of 10 companies still: 1) manually input information; 2) copy and change an existing agreement; or 3) create agreements from scratch each time. These manual processes are time-intensive and introduce the risk of errors. In fact, respondents are finding that simple tasks — such as generating agreements, getting agreements signed and reporting on trends and milestones in completed agreements — are reportedly more inefficient than in 2019 (see Figure 1). However, firms are most confident in the efficiency of identity verification and form presentation — two key elements of customer experience — which shows that their customers remain a top priority.
- › **Digital tools are being increasingly adopted but not necessarily connected.** Some of the largest digital adoption growth has been seen in departments such as IT/operations, sales and procurement. However, the continued prevalence of manual processes indicates that firms are often ending up with collections of 'point solutions', connected by people rather than automated processes.

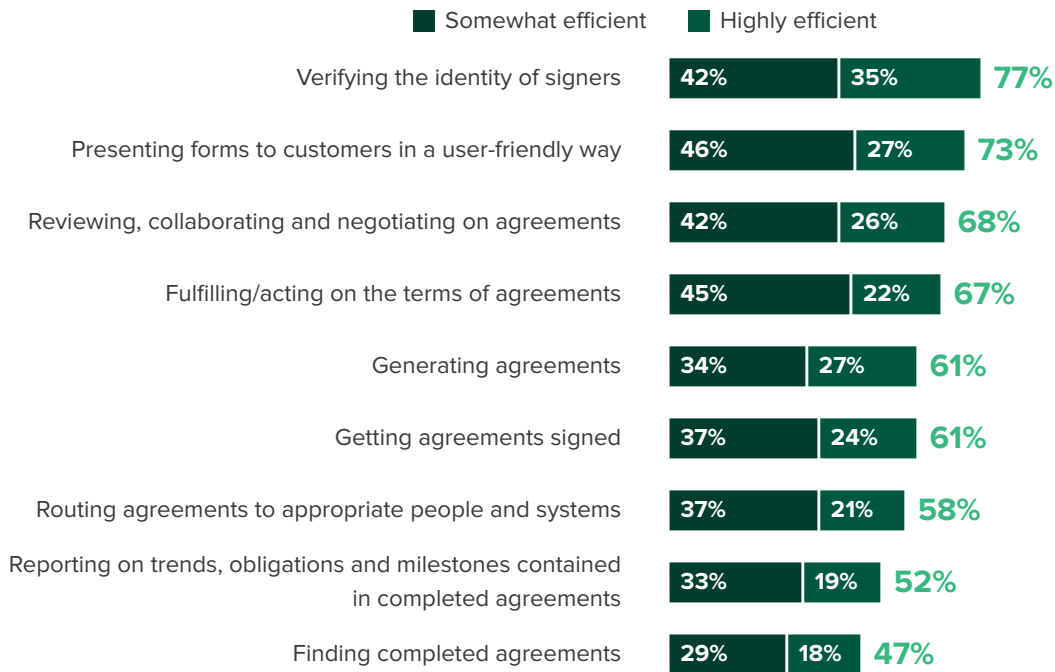


98% of firms have problems efficiently preparing, signing, acting on and managing agreements.

- > **The use of eSignature is becoming a standard practice.** Respondents reported that 68% of contracts signed within their own department used eSignatures. But most firms use this technology only in certain areas. The increasing focus should be twofold: to find other workflows and use cases for eSignature across the organisation or in different departments, and to ensure it is connected to the other parts of the agreement process.
- > **The top 2020 priorities for surveyed firms include improving CX (79%), strengthening security and compliance (79%) and increasing business agility (71%).** Improving CX was also the top focus in 2019; the growing and trending status demonstrates that CX is a stalwart priority for the future that is not an easy task to conquer (see Figure 2).

**Figure 1: How Efficient is the Current Process?**

'Thinking of your company's processes for preparing, signing, acting on and managing contracts and other types of agreements, how would you rank the efficiency of the following steps?'

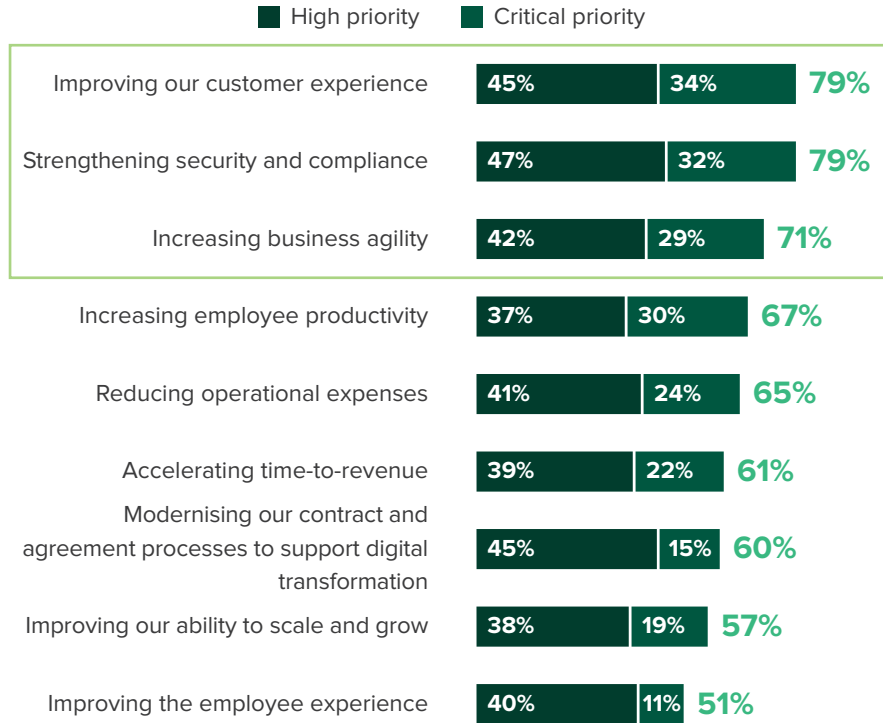


Base: 954 global technology purchasing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020

**Figure 2: Top Priorities for 2020**

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



Companies are prioritising CX, strengthening security and compliance and increasing business agility.

Base: 954 global technology purchasing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020

### WHAT LEADERS TELL US

We spoke with five market leaders who offered guidance and insights into their modernisation journey. You'll hear from these leaders throughout the paper; use their direction as a North Star as you continue to evaluate your own journey.



'We have a ton of different documents, some requiring signature, some asking for data, some requiring none, but all use DocuSign to some extent. Our entire process is fully digital from start to finish now!'

*Professional services company*

'Today, our workflows are auto-generated, which then triggers an automated approval process that sends emails to internal approvers in parallel, so they're gathered efficiently. Users sign the completed contracts and they're automatically archived back into the appropriate place!'

*Manufacturing company*



'When we first started, there weren't that many people demanding that we have eSignature, but today it's expected that we would have it, especially with new clients coming on board. They don't want to deal with paper, they want to deal with a digital experience.'

*Financial services company*

'We're currently trying to design new processes where we can automate some functions, like 'tick here to accept.' Where we can have self-service, we try to do that.'

*Financial services company (2)*



# Challenges across the Agreement Life Cycle

Although digital tools continue to be adopted, our interviews illuminate the fact that many processes still remain manual in places — including those that are paper-based. Inefficient, manual agreement processes are reported to have been detrimental to customers, internal processes and revenue (see Figure 3). If firms are unable to automate these manual processes, they sacrifice cost, efficiency and quality.

Overall, firms did not see themselves as more efficient, when compared to 2019. In fact, the number of those that ranked themselves as “highly efficient” in some categories even decreased. While firms may be processing more agreements, there is growing recognition that processes are complex and often cross organisational boundaries. So, while a given part of the process becomes more efficient, the overall process is only as strong as its weakest link. And, few have control over the end-to-end process.

Virtually all firms reported challenges with preparing, signing, acting on and managing agreements. Firms agreed, between a range of 40% to 60%, with the prevalence of Forrester’s 16 common challenges (see Figure 4). While these numbers might be alarming, beginning to automate processes in any particular phase can help address the challenges of that phase.



**Figure 3: Consequences of Inefficient and/or Manual Agreement Processes**



Base: 954 global technology purchasing decision makers  
 Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020

**Figure 4: Challenges with Agreement Processes**

Preparing agreements	Signing agreements	Acting on agreements	Managing agreements
<b>61%</b> Rework due to errors from manually transferring data, such as customer or product information, into agreements	<b>56%</b> Lack of visibility into the status of agreements	<b>56%</b> Manual routing of agreements	<b>59%</b> Inability to effectively search all agreements’ full text
<b>55%</b> Inefficiency due to manually adding information to contracts that already exists in our systems	<b>48%</b> Delays due to errors and missing information	<b>54%</b> Duplicate work required to re-enter data from agreements into systems of record	<b>51%</b> Lack of visibility into the location and status of signed documents
<b>50%</b> Difficulty maintaining security and confidentiality	<b>41%</b> Poor experience for customers	<b>51%</b> Errors and rework due to incorrectly entered data	<b>47%</b> Risk from the inability to search or proactively detect problematic contract language
<b>48%</b> Delays due to lengthy contract preparation process	<b>39%</b> Delays in routing and obtaining signatures in the correct order	<b>45%</b> Difficulty maintaining security and confidentiality	<b>42%</b> Difficulty maintaining security and confidentiality, ensuring only the right people can access the documents

Base: 950 global technology purchasing decision makers  
 Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020

Finally, security and compliance are top priorities throughout the entire life cycle in 2020. Modernisation is not an easy road and carries with it an increased perceived security threat, compared with last year (see Figure 5). A well-designed system of agreement will improve the overall security stance of an organisation. However, as with any new technology, the recognition and ability to evaluate this could require new skills and techniques.

Only about half of organisations integrate systems of record with their agreement processes (see Figure 6). The most prevalent type of integration is with CRM systems, i.e., automatically prepopulating CRM data into agreements, typically because sales is inherently a contract-heavy function. However, even when firms integrate a system of record, it may only be for some agreement use cases or for only one part of an agreement process. This often occurs because the technologies a firm uses in its agreement processes are fragmented, thus ensuring fragmentation of integrations with other systems like CRM. Adopting a common platform for agreement processes can address this fragmentation, enabling an 'integrate once, use everywhere' model.

**Figure 5: Security, Compliance and Confidentiality Concerns**

**'Which of the following challenges have you experienced in the process of modernising your systems of agreement?'**

(Select up to top three)



Base: 954 global technology purchasing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020



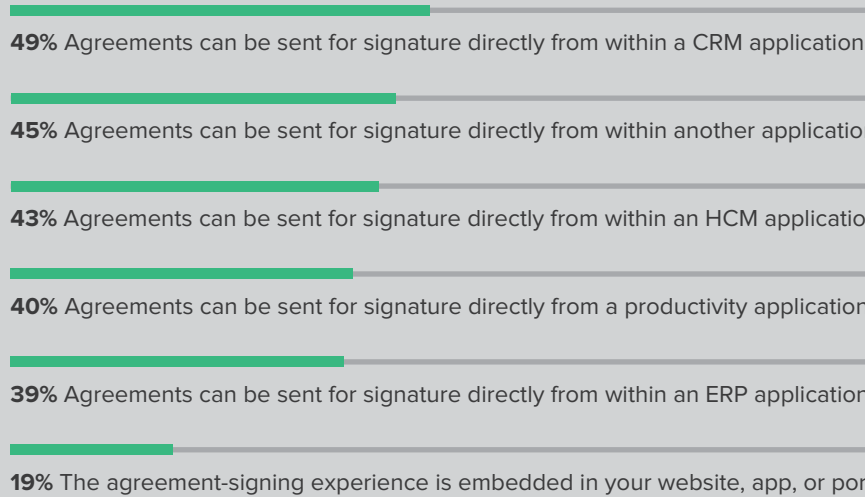
**Figure 6: Integration With CRM, ERP and HCM**

**'Which of the following technology capabilities do you have in your agreement processes?'**

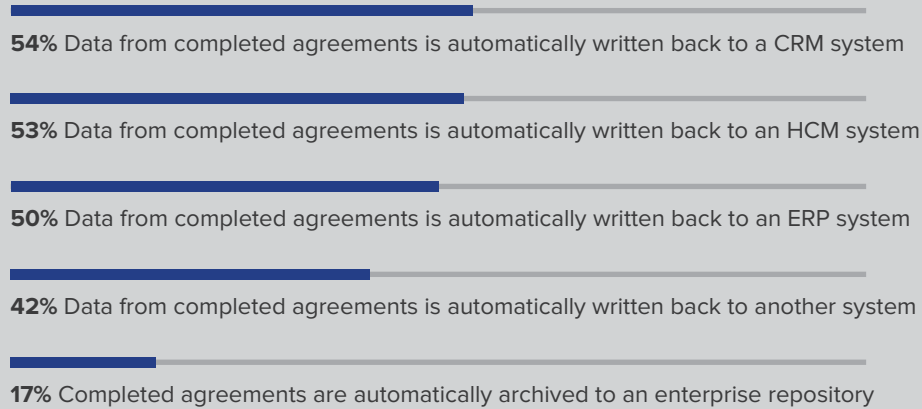
**PREPOPULATING DATA**



**OBTAINING SIGNATURES**



**INTEGRATING DATA INTO BACK-END SYSTEMS**



Base: 954 global technology purchasing decision makers  
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020

## WHAT LEADERS TELL US

Every leader we spoke to mentioned that the financial cost, time-to-revenue and operational inefficiencies of manual processes were detrimental.



'The stacks of paper we had people sign were two or three inches high — people would walk out with their hand cramping, then it had to be FedExed overnight. When you think about **the trees, the paper, the peoples' time, the signing/sending/storing of paperwork**, I imagine you're **in the hundreds or potentially thousands of dollars [per agreement]** if you factor in salaries to do that process from beginning to end.'

*Professional services company*

'Adoption rate of the digital process was really poor without eSignature. That **triggered a need** to have a fully end-to-end digital experience.'



*Manufacturing company*



'Employees don't always want to do everything face-to-face because it naturally cuts down the amount of business they can do, and they want to **broaden their reach.**'

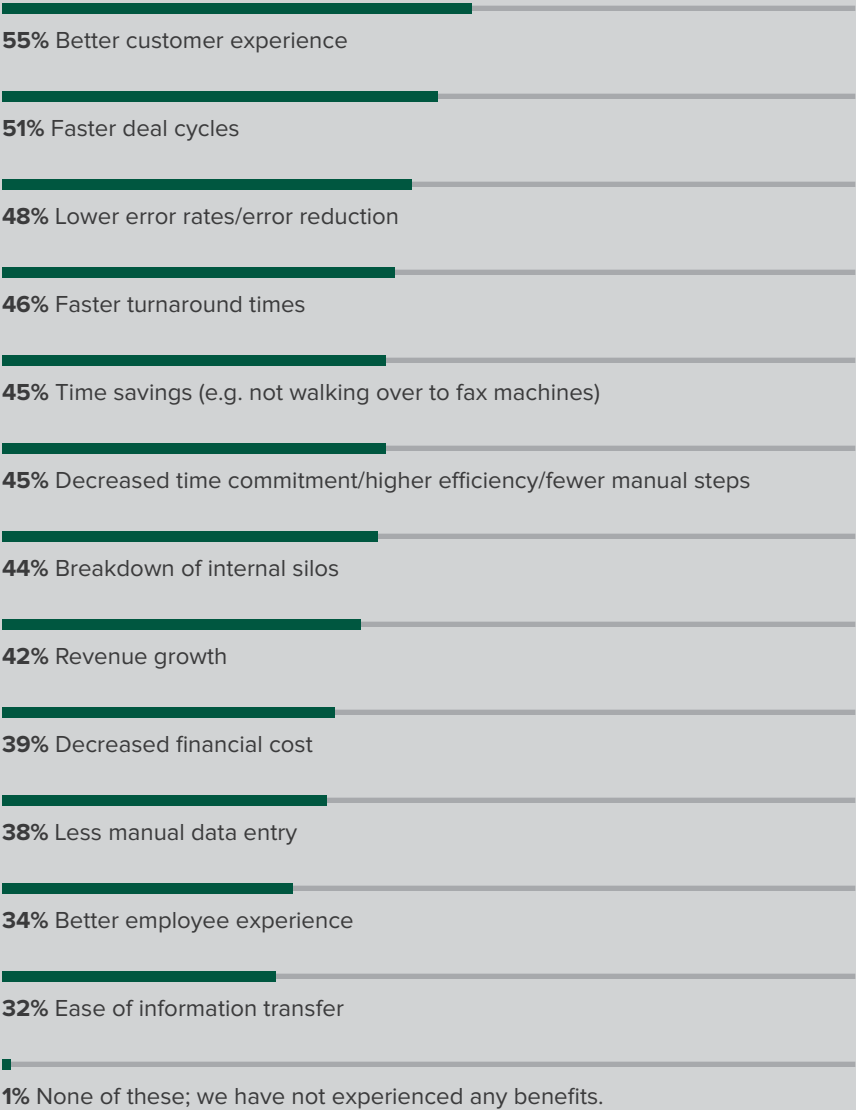
*Financial services company (2)*

# Building on the Benefits

Although most firms have much more to do with modernising their systems of agreement, 99% of respondents already report benefits of a digital agreement process. The top benefits include better customer experience, revenue growth, decreased costs, faster deal cycles and error reduction (see Figure 7). In a world where major projects need periodic realignment as they proceed, modernising your system of agreement can be done incrementally, with clear and cumulating wins along the way.

**Figure 7: Benefits of Implementing a Digital Agreement Process**

**'Which of the following benefits have you experienced as a result of implementing digital agreement processes?'**  
(Select all that apply)

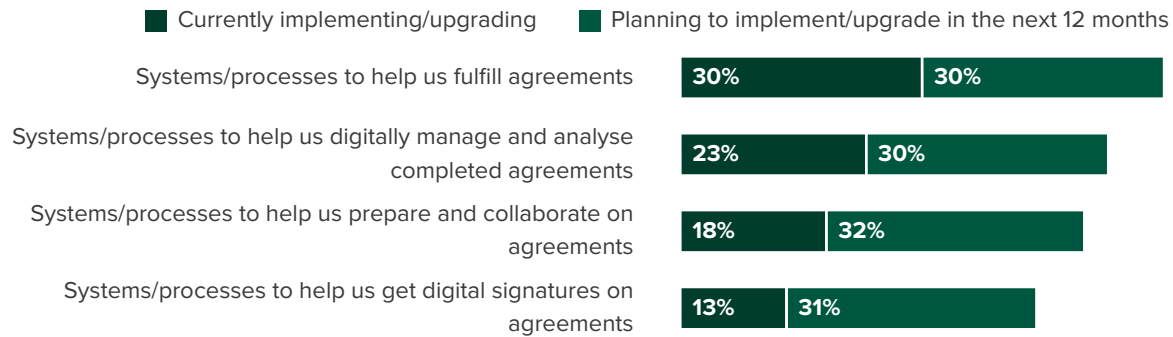


Base: 954 global technology purchasing decision makers  
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020

Over the next year, firms plan to prioritise automation efforts in fulfilling agreement obligations, followed by improvements in how agreements are managed (see Figure 8). These efforts will contribute to the larger goal of connecting and automating the full agreement life cycle.

**Figure 8: Plans for the Future**

**'What are your plans to implement or improve the digital capabilities of your systems of agreement in the following areas over next year?'**



Base: 954 global technology purchasing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020

## FOCUS ON CX BY SUPPORTING INTERNAL EFFICIENCY

Improving CX is always a prominent theme of transformation efforts, sometimes to the exclusion of operational concerns. For example, if you recall firms' 2020 priorities from Figure 1, improving the customer experience was at the top and improving the employee experience was at the bottom. But this is a false tradeoff. Excellent CX requires excellent operations. And if you rely on employees to sell or service customers — as almost every organisation does to some extent — the customer experience will rise or fall based on the efficiency and user experience of your employee-facing systems.

Here is an example in the battle for talent: Many companies' HR teams must manually create offer letters with data copied and pasted from applicant-tracking and/or human capital management systems; then they need to print and overnight the offer for paper signing. Now compare that to the HR employee experience of a leader. Without leaving the company's HR system, the employee can instantly generate an offer letter (with data automatically pulled in from other systems), then immediately send it for electronic signing. In turn, this superior employee experience enables a superior customer experience: The candidate receives the offer quickly and correctly, and is able to sign immediately from wherever she is.

The same principle applies to sales. At leading companies, a rep can push a button from within a CRM system, which automatically generates a contract with the appropriate data, which can then be sent immediately for electronic signature. By improving the rep experience, the customer gets a faster, more responsive sales experience. And per the first comment immediately below, this means revenue arrives sooner.

## WHAT LEADERS TELL US

Every leader cited increased time-to-revenue, cost savings, environmental impacts, transparency and better employee/customer experience as benefits they've seen since modernising their processes.



'The **biggest is time-to-revenue**; the time between getting someone in the door and getting their signatures is the time it takes for us to recognize revenue. **Those signatures are money . . . we're getting money faster now.** There's environmental benefits, there's improvement in efficiencies, there's an increase in data integrity, an increase in legal compliance.'

*Professional services company*

'The biggest benefit has been **helping us enforce our internal standards** — to be honest, it's very hard not to do it the fully compliant way. You can't deviate from it unless you really work around the system, but honestly that's impossible. We have **transparency** of what is happening with contracts now. **It's mitigating the errors we were seeing with our manual process.**'



*Manufacturing company*



'Automation **reduces the quantity of human errors**, makes employees happier because they don't have to busy themselves with repetitive processes and can focus more on innovation. Some people think automation will cost them a job, but **really it just takes the bad part of their job away so they are free to create new processes.**'

*Technology company*

'When we're audited, it's **much easier to find the contract in the computer** as opposed to paper storage somewhere.'



*Technology company*



'We've seen an 82% increase in the use of eSignature. On the client side, everything moves faster and allows the client to get moving faster . . . **it's easier for everyone involved.**'

*Financial services company (1)*

'We went from about 5% of contracts signed digitally to about 82% signed digitally. And to be honest, most of those that are not being digitally signed is because we just can't because of regulations. **This has translated into an uplift in contract volumes and money through the door.**'



*Financial services company (2)*

Leaders also shared best practices they enacted, or lessons learned along the way, that they'd share with people just beginning the process. Some of their advice is as follows:



'**Just try**. Sometimes companies are afraid to try something new, try to evolve, try to make your processes better, make changes. It's common to fail or be afraid to try because you don't want to frustrate clients, but you need to try — don't be stuck in the same place forever.'

*Technology company*

'**You've got to have your leadership on board, excitement will trickle down!**

*Manufacturing company*



It's important to **start with your highest volume forms** and get them eSignature-enabled. Then look at your bundling of forms — those that go together and get them eSignature-enabled after you've gotten the high-volume forms identified. You don't want to have a shotgun approach and just start picking random forms. You need to be very structured in what forms you go after. And that helps with adoption as well because if you pick the right forms and bundling, they're more likely to use eSignature because it meets their needs. If you don't, you're going to get gaps.'

*Financial services company (1)*

'Assign the **correct metadata** from the start, define the right metadata you want to search for, then decide who should be allowed to view which kind of contracts and create a very transparent structure. Even if you're not allowed to see certain things, you should be allowed to see why. Then follow global standards — don't customise too much because there are benefits to keeping things standard to the product.'

*Manufacturing company*



'Make sure you **pick the right problem to solve** so you actually get the benefits that you want. Get something up and running, get it used, then actually test whether or not the new product is going to solve the problem you've set out to achieve. Test ideas as quickly as possible and with low cost as possible, DocuSign does help facilitate that quite well.'

*Financial services company (2)*

# Key Recommendations

Forrester's in-depth survey of 954 global technology purchasing decision makers yielded several important recommendations:



**eSignature is a critical component to an automation strategy.** With end-to-end automation increasingly becoming an imperative, the ability to not only provide electronic signature capabilities, but to do so in the context of an overall automated process, is fast becoming a required piece of an automation strategy. Keep in mind that other technologies will also be required.



**Choose other automation technologies based on their ability to combine with eSignature into a coherent automation strategy.**

In order to provide automation at the scale required to drive digital transformation, your system of agreement solutions must be designed to integrate with other parts of your automation portfolio, including but not limited to systems of record, digital process automation, robotic process automation solutions, etc.



**Focus on customer and employee outcomes — not on technology for the sake of technology.**

Business goals should always be primary; technology should support those goals, e.g. faster employee or customer onboarding, with identified success metrics. A system of agreement that can be deeply integrated to support these goals is the proper application of technology. Deploying 1,000 RPA bots in a calendar year is not.



**Create a governance strategy that assumes wide-scale deployment within established governance models — and build in routines for scale.**

Assume that digital transformation will require automation at a scale not yet achieved. Also assume that the processes required to achieve this scale will cross organisational boundaries and heterogeneous technology stacks. In order to drive scale, you will need to create a common governance model that leverages the right technologies for the right requirements. Make eSignature and an automated and connected system of agreement part of that governance strategy. Provide common guidelines for usage.



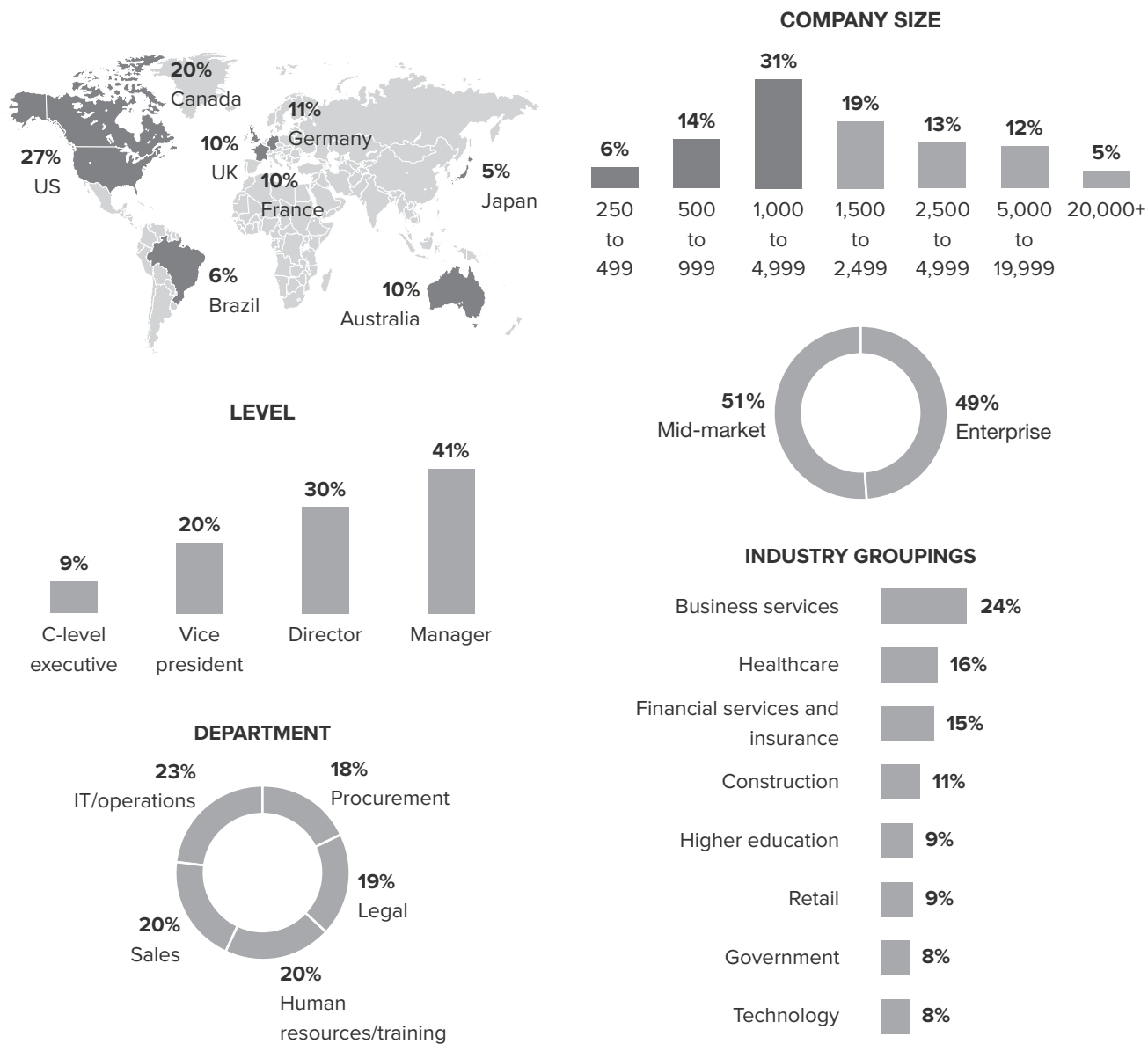
**Continue driving standardisation to support digital transformation.**

The nature of harmonising processes across large numbers of users and multiple stakeholders, both internally and externally, will require organisations to drive toward a standardised approach. This applies to security, privacy, compliance, integration and training and sets a foundation to address each area's challenge at scale.

## Appendix A: Methodology

In this study, Forrester interviewed 954 technology purchasing decision makers who manage one or more document-intensive business processes at their organisation. Respondents represent a variety of industries in the US, Canada, the UK, Germany, France, Australia, Japan, and Brazil. Questions provided to the participants asked about current agreement-related processes and challenges they experience with manual aspects of the process. Respondents were offered incentives as a thank you for time spent on the survey. The study was completed in January 2020.

## Appendix B: Demographics/Data



Base: 954 global technology purchasing decision makers

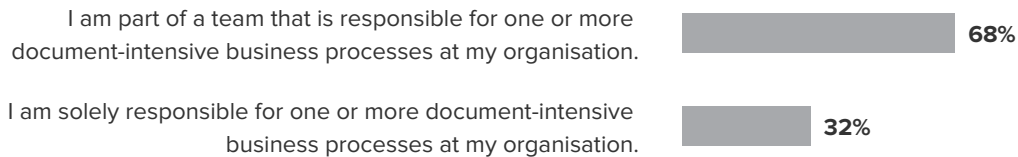
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020



### TASK RESPONSIBILITY



### LEVEL OF RESPONSIBILITY



Base: 954 global technology purchasing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, January 2020

## Appendix D: Endnotes

### ENDNOTES

<sup>1</sup> Source: Forrester's Q1 2020 Digital Process Automation Survey

<sup>2</sup> Source: 'The State of Systems of Agreement, 2019', a commissioned study conducted by Forrester Consulting on behalf of DocuSign, May 2019.