

A Forrester Total Economic Impact™
Study Commissioned by DocuSign
September 2018

The Total Economic Impact™ of DocuSign within USEL

Cost Savings and Business Benefits
Enabled by DocuSign

Table of Contents

Executive Summary	3
Key Findings	3
Financial Summary	5
Appendix A: Total Economic Impact	6
Appendix B: Supplemental Material	7
Appendix C: Endnotes	7

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Benefits & Costs



Hours of gained productivity per transaction:

2.5 hours



Reduction in operational expenses:

£281,614



Printing & follow-on cost avoidance per transaction:

£7.58

Executive Summary

In recent years, enterprises have increasingly adopted digital strategies that use the customer above all as the focal point. What technologists knew as systems of record and systems of engagement have become systems to win, serve, and retain the customer. Each component plays a much larger, integrated role in providing an outstanding customer experience.

Similarly, as customers have become more digitally savvy and e-signature technology has matured, the market no longer focuses on the foundational capabilities of signing documents without pen and paper.ⁱ Regulations are also evolving to enable widespread use of e-signatures: For example, the implementation of the eIDAS legislation in July 2016 fosters the use of electronic signatures across borders within the European Union.ⁱⁱ E-signature has become a component in a larger system of agreement, where companies have processes and technologies to support the preparation, signing, enacting, and management of agreements.

DocuSign provides an e-signature solution that can accelerate & simplify each part of an organisation's system of agreement – whether it is leveraging templates in contract preparation, providing mobile and API options for e-signature, or intuitive integration with other key parts of the system of agreement like the CRM. DocuSign commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realise by deploying DocuSign. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the DocuSign on their organisations.

To better understand the benefits, costs, & risks associated with this investment, Forrester interviewed two organisations that are based in the United Kingdom (UK) and have years of experience using DocuSign. Prior to adopting DocuSign, both had largely manual processes and primarily wanted to eliminate inefficiencies, boost staff productivity, and reduce operational costs.

The results in this report are representative of that of the organisation, USEL. The results have come from an in-depth interview between USEL and Forrester TEI consultants. While the vast majority of information has come from responses within the interview, some information is assumed, or we have used industry averages.

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

- › **Improved processes and employee productivity (£92,904).** This benefit focuses on the productivity gained throughout the system of agreement process. Documents require creation and preparation time & approval and signatures. The USEL use case has an average of three signatories involved, a legacy handling time of 180 minutes (2.99 hours), & a not-in-good-order (NIGO) rate of 10%.ⁱⁱⁱ After deploying DocuSign, the handling time reduces to 90 minutes (1.5 hours), and the NIGO rate drops to 2%. The time saved by impacted staff can be re-invested in other productive tasks.



ROI
342%



Benefits PV
£374,518

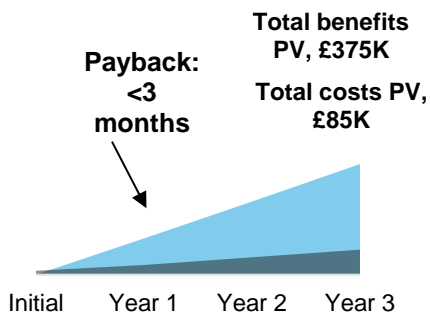


NPV
£289,875

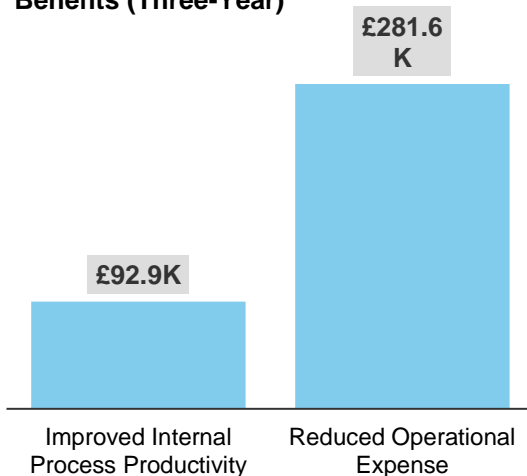


NPV/transaction
£21.89

Financial Summary



Benefits (Three-Year)



- › **Reduced operational expenses (£281,614).** This benefit showcases the hard cost savings in operations by going paperless. Leveraging several sources and assumptions, the model recognises the standard as four fifteen-page agreement (per client) that involves two rounds of mailing and three final copies. Postage cost is the largest item for expenditure, accounting for over 80% of the total operational expenses. For each transaction, the paper & printing cost is £2.07; the postage cost is £2.20; & the storage, misfiling, & lost document cost is £1.11 — totaling to £7.58 per agreement.
- › It is worth noting that USEL's overall ROI is considerably higher than the DocuSign UK TEI case study. This is due to USEL's relatively low usage costs, fewer overall users, and a greater volume of agreements being printed in the legacy state.

Unquantified benefits. The interviewed organisations experienced the following benefits, which are not quantified for this study:

- › **Improved customer experience (CX) and shortened turnaround times.** USEL cited ease & speed of signature as one of the key DocuSign benefits. They stated that DocuSign helps them to be a company easy to do business with. An improvement in CX might result in incremental revenue down the road but heavily depends on the use case and company's business model. For companies that have a pain point in making it easy for customers to sign on and do business, this benefit category may be more relevant and measurable. An improvement in CX could be measured by availability of mobile e-signature or a reduction in total contract turnaround time. Readers can also take a reduction in handling time as an indicator of potential reduction in total agreement turnaround time
- › **Stronger security and compliance.** The reduction of paper & integration with a CRM reduces the chances for organisations to incorrectly send an agreement and reduces the volume of items that could be security vulnerabilities. Relying on a central repository that is highly accessible and backed up on the cloud reduces the pressure on organisations to store, manage, and destroy documents. It also facilitates the auditing process, which can generate further cost avoidance for the organisations.
- › **Improved employee experience.** Interviewees reported that DocuSign contributes to a better employee experience as staff now spend less time on some of the more frustrating parts of their jobs and find that they can better utilise their expertise.

Costs. The interviewed organisations experienced the following risk-adjusted PV costs:

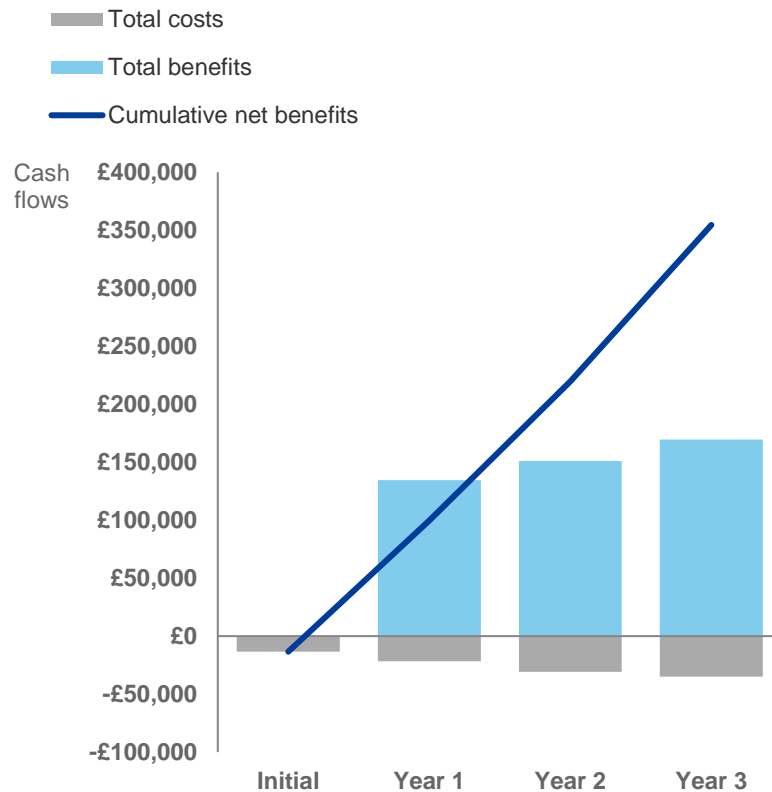
- › **DocuSign solution cost (£34,338).** This study's model is built based on 25 users in Year 1 with organic growth factored into subsequent years. Readers are encouraged to reach out to DocuSign for a more tailored quote based on their needs and anticipated transaction volume
- › **Internal labour and implementation cost (£50,305).** The DocuSign solution was relatively easy to deploy and intuitive to use for both organisations. These costs account for the initial deployment, integration with back-end systems, user training, and ongoing support.

Forrester's interview with USEL and subsequent financial analysis found that the organisation, based on these interviewed organisations experienced benefits of £374,518 over three years versus costs of £84,643, adding up to a net present value (NPV) of £289,875 and an ROI of 342%.

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organisation's investment. Forrester assumes a yearly discount rate of 10% for this analysis.



These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	-£13,402	-£21,563	-£30,681	-£34,982	-£100,627	-£84,643
Total benefits	£0	£134,592	£150,896	£169,642	£455,130	£374,518
Net benefits	-£13,402	£113,029	£120,216	£134,660	£354,503	£289,875
ROI						342%
Payback period						<3

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realise the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach



Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organisation.



Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.



Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.



Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organisations typically use discount rates between 8% and 16%.



Payback period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Supplemental Material

Related Forrester Research

“Defining the Online Marketing Suite,” Forrester Research, Inc., October 17, 2007

Online Resources

More information about computer animation is available at [www.link.com].

Appendix C: Endnotes

ⁱ Source: “The State of E-Signature Implementation,” Forrester Research, Inc., October 27, 2017.

ⁱⁱ Source: “Vendor Landscape: E-Signature, Q4 2016,” Forrester Research, Inc., October 12, 2016.

ⁱⁱⁱ Not-in-good-order (NIGO) is an oft used term to represent any type of error during an agreement or contract process. These errors would typically cause the process to take longer or restart, resulting in lost productivity for the individuals involved.