

# **Electronic Signatures: The Missing Link in Contract Management Automation**

How can your organization execute more contracts faster and more accurately? This is a challenge faced by all functional areas in the organization—from legal to procurement to sales and finance and beyond.

Contract management automation has revolutionized the contracting process for thousands of companies. However, the contract execution phase for contracts that require a signature has not been automated effectively. A majority of all organizations continue to rely on wet ink signatures of paper documents due to limitations in technology and internal barriers. Today, the barriers to electronic signatures have been lowered, making contract execution with e-signature possible worldwide. Now is the time for your organization to take another look at electronic signatures, what they are, and how they can benefit your organization.

## WHY ELECTRONIC SIGNATURES?

An electronic signature is defined as any electronic sound, symbol, or process attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record. Why should you care? Because the benefits of implementing electronic signature programs are numerous and extend throughout the organization.

### Benefits

- **Increased Revenue** – The ability to close a contract in real time increases the probability that it will close by 50 percent, resulting in incremental business.
- **Improved Efficiency** – Physically moving contracts for signature through a workflow greatly increases cycle times. Electronic signatures reduce this cycle time by up to 90 percent, from days or weeks to minutes—resulting in higher transaction volumes.
- **Reduced Cost** – It costs more than \$170 to process a paper transaction. An electronic signature solution can reduce this cost by up to 90 percent.
- **Security and Compliance** – Electronic signatures carry the same legal effect as physical signatures and since approval workflows, signature limits, and verifications are built-in, authentication and security are actually improved. Audit expense is also reduced because all contracts are securely stored.

- **Go Green** – A fully paperless process that does not involve paper, toner, packaging, shipping, and fuel makes a terrific contribution to reducing your carbon footprint.

### Who is Affected?

- **Legal** – Largely responsible for contract execution and risk management, legal is often the primary beneficiary of electronic signature programs.
- **Sales** – Numerous studies have shown a direct correlation between reduced contract cycle time and increased revenue and close rates.
- **Procurement** – Reduced cycle times and electronic, searchable contracts result in improved visibility and better supplier relationships.
- **Finance** – Contracts stored electronically means better audit trails, records retention, and reduced regulatory and audit risk.
- **Administration** – No longer a need to store and archive paper contracts as they are stored electronically.



## ELECTRONIC SIGNATURE LAW

The Uniform Electronic Transactions Act (UETA) of 1999 and the Electronic Signatures in Global and National Commerce Act (ESIGN) of 2000 for foreign commerce clearly and uniformly made the act of an electronic signature legal and binding. These acts opened the door for widespread electronic signature adoption.

The acts outline electronic signatures and their enforceability as follows:

- Contracts executed with electronic signature carry the same weight and legal effect as traditional paper documents and handwritten signatures.
- A document or signature cannot be denied legal effect or enforceability solely because it is in electronic form.
- The electronic signature must demonstrate the signer's intent to sign, and must be the act of the signer.
- The signature must be affixed to the agreement in a tamper-evident manner, and the document content itself must also be tamper evident.
- In order to qualify as an electronic signature, the system used to capture the electronic transaction must maintain an associated record or note reflecting the fact that it was executed with an electronic signature.

Ensuring these elements are in place with an audit log that collects evidence of the identification of the signers and the actions they take creates a very powerful alternative to the paper process, and actually reduces the legal contract risk.

## THE ARIBA SOLUTION

Ariba Contract Management™ has partnered with DocuSign, a leading eSignature provider, to provide the leading enterprise-class electronic contracting solution. Tight integration permits users to electronically sign documents while never leaving the Ariba Contract Management solution. The solution also provides PDF generation capabilities if necessary, allowing concatenation of many documents into a single PDF. Finally, the functionality is fully configurable and can be turned on or off where required—allowing you to effectively perform change management and assure a successful rollout.

The basic process that users follow to electronically sign a document in Ariba Contract Management starts with a task that prompts the user to identify the appropriate signers for the contract. This task sends the document and signer list to DocuSign automatically. Subsequently, DocuSign sends notification emails to the signers to invite them to sign. When the document is fully signed, the PDF is secured, and sent back to Ariba and automatically uploaded as a new version. This lightweight solution does not require the user to have login outside of Ariba Contract Management or perform any activities or tasks in DocuSign.

## ARIBA CONTRACT MANAGEMENT BENEFITS

The Ariba Contract Management Solution is a comprehensive, enterprise-wide, easy-to-use web-based solution that empowers professionals in all business functions of the organization to achieve the following benefits:

- Enterprise-wide management of all contract functions (including buy-side and sell-side)
- Improved negotiation effectiveness
- Identified revenue opportunities and prevented revenue leakage
- Realization of negotiated cost savings
- Standardized contract processes and approvals
- Lower administrative and legal costs
- Reduced operating and regulatory risk
- Increased revenue through optimized value with customers
- Centralized contract repository
- Elimination of maverick and redundant contracts
- Avoidance of missed deliverables and milestones
- Improved customer and supplier performance

## THE BUSINESS CASE FOR CONTRACT MANAGEMENT AUTOMATION

The Aberdeen Group cited the following savings benchmarks for organizations implementing contract management solutions:

- 55 percent additional spend brought into compliance
- One to two percent increase in revenues
- Reduce contract negotiation cycle time up to 50 percent
- Reduce administrative costs of contract creation and negotiation 25 to 30 percent
- 25 percent improvement in timely contract renewals
- 25 to 30 percent improvement in realizing rebates and discounts
- Significant reduction in auto-renewing (evergreen) contracts

## WHAT NEXT?

Electronic Signatures represent a quantum leap opportunity. Significantly improve the efficiency and speed at which your contracts are executed with a 100 percent electronic document repository for improved visibility and storage. Roll out the functionality improving security and authentication when you are ready to assure adoption and success. Learn more to get started today.

For existing Ariba Contract Management customers, contact your Account Executive.

If you are new to Ariba Contract Management, go to [www.ariba.com/go/contracts](http://www.ariba.com/go/contracts) to learn more.

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### About DocuSign

DocuSign is the leading provider of eSignature and electronic contract execution services, empowering individuals, small business and global enterprises to operate faster, more efficiently and profitably with enhanced security and compliance. DocuSign is the only Web-based service to full automate the entire contract execution process. DocuSign has more than 2,500 customers with over 500,000 users as well as numerous partners and resellers that have executed more than 11 million contracts. Customers include leaders in financial services and banking, technology, education, mortgage, travel and aviation. Experience the service at [www.docusign.com](http://www.docusign.com), and for regular updates go to [blog.docusign.com](http://blog.docusign.com).

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