

A Forrester Consulting
Thought Leadership Paper
Commissioned By DocuSign
May 2021

The State Of Systems Of Agreement, 2021

Follow The Lead Of Digital Disruptors In An Era
Of Immense Change

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Firms that embrace an agreement cloud for management of documents requiring signature see benefits and competitive advantage of centralized data and integrated processes.

Executive Summary

If the past year has taught us one thing, it's that digital processes are essential for organizations to thrive. As one business leader illustrated, "[The pandemic] has changed everything ... It's doubled down on digital as a strategy ... It's proved that we needed things to be in the cloud, accessible, quick, and digital. You couldn't have stress-tested that hypothesis more." Those who were on their way to implementing digital strategies felt the heat to move faster, and those who may not have had a digital strategy in place were left to figure one out as quickly as possible.

In particular, organizations were forced to upgrade their agreement processes to conduct business in a remote-work environment. Another interviewee mentioned how much easier clients feel it is to sign contracts online instead of a printed version, given the real-world constraints of the times.

DocuSign commissioned Forrester Consulting to conduct the third-annual research study to better understand and assess the digital maturity of organizations' systems of agreement. Systems of agreement 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 many other types of written agreements used across nearly every business function. Forrester conducted an online survey with 1,087 global technology purchasing decision-makers to explore this topic. Forrester supplemented the survey with five phone interviews for further qualitative insights.

Forrester found that firms that embrace an agreement cloud for management of documents requiring signature see benefits and competitive advantage of centralized data and integrated processes.

KEY FINDINGS

- › **An organization's response to the global pandemic is indicative of its readiness to respond to other unexpected changes.** The past year illuminated process inefficiencies for many, whether they were ready to embrace the changes of remote work or not.
- › **Organizations with high maturity in digitizing their agreement processes (digital disruptors) experience more benefits and outperform lower-maturity digital laggards in myriad ways.** Not only are digital disruptors primed to respond more quickly to unexpected changes, but they also experience higher instances of silo breakdowns, faster deal cycles, and easier information transfer.
- › **The more contracts/agreements an organization manages, the more it stands to benefit from technology and automation improvements.** As the number of agreements processed increases, so too does the complexity of processing and scalability. Digital disruptors can better manage higher volumes of contracts because their reliance on digitized, automated processes decreases costs, increases speed of completion, and improves the agreement process experience. Technology solutions that provide automation and support across the entire process will be crucial for organizations of all maturity levels.

Digital Leaders Emerge From Pandemic Performance

In previous years' systems of agreement research, we saw how organizations prioritize their processes, where they fall short and rely heavily on manual processes, and where they've seen success with making digital progress.¹

In this year's survey of 1,087 decision-makers from around the world, we saw that organizations continue to prioritize security, customer experience, and agility (see Appendix A). This indicates that organizations have implemented effective growth strategies from the get-go and continue to work toward these goals. We also most notably saw that organizations varied greatly on their response to a global pandemic — and that the actions they took indicated their overall business and process maturity. Almost every organization was forced to change its digital strategy in some way as a result of the pandemic; this includes changing the way they worked (processes) and additional tools (technology).

Further, 96% of decision-makers say they will continue to use new technology implemented during the pandemic (see Figure 1). Technologies that support systems of agreement and automated processes prepare organizations for more than just the next pandemic; supply chain disruptions, new market entrants, and rapid growth are all types of disruptions that can occur. Organizations can look to this past year's performance and response to understand how to react to future disruptions.

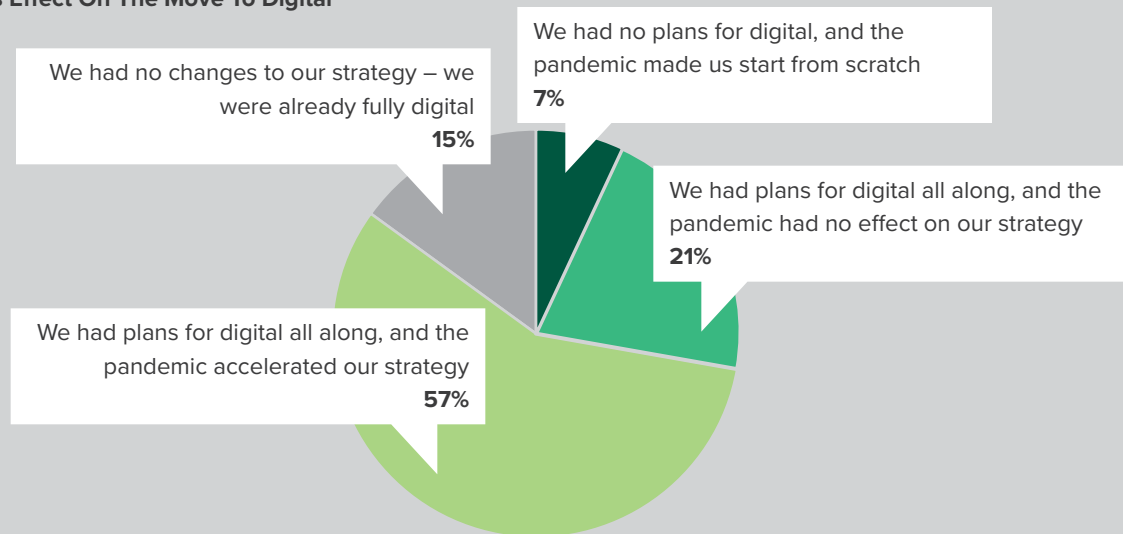
Organizations were not held back by the difficulty of the modernization process itself — rather, by their willingness to commit and execute. Those that were less willing may have the “if it's not broken, don't fix it” mentality, yet the pandemic illuminated that many processes were, in fact, broken. Digital disruptors, which we'll further define shortly, were more prepared to meet the needs put forth by the pandemic and were better able to strategically overcome the obstacles presented.



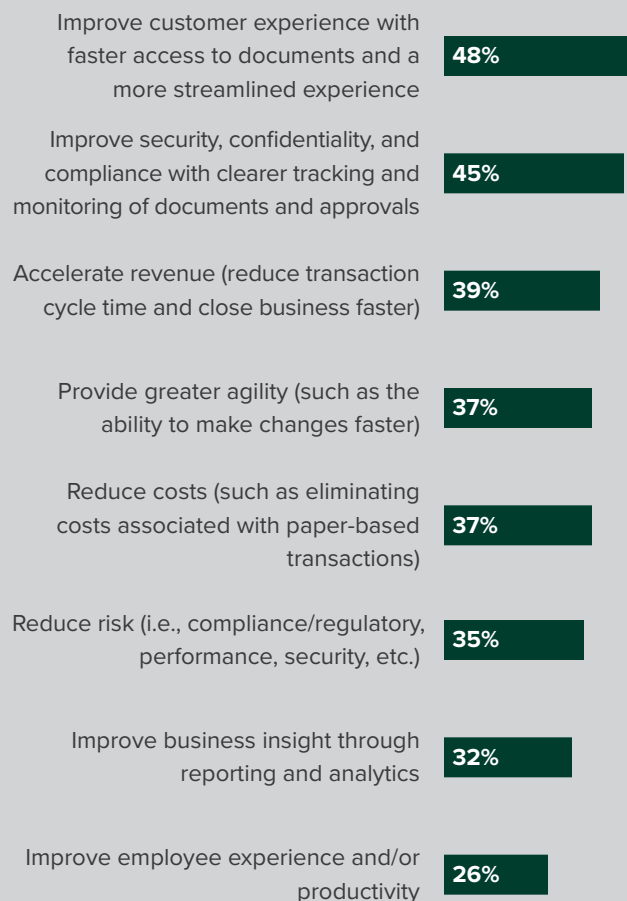
The actions organizations took in response to a global pandemic indicated their overall business and process maturity.

Figure 1

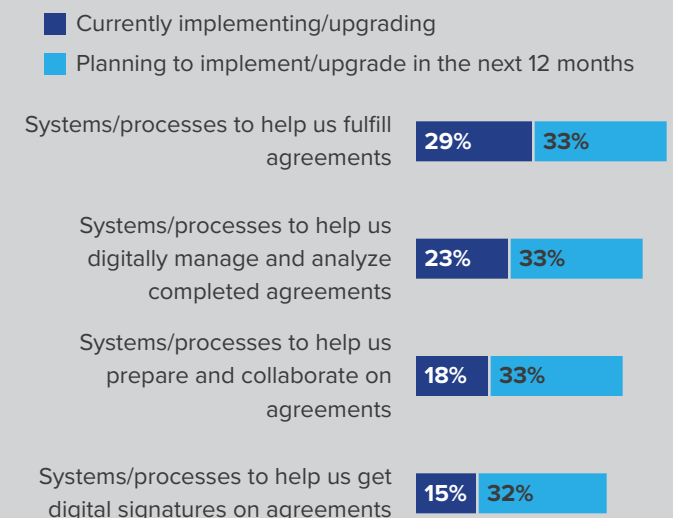
COVID-19's Effect On The Move To Digital



Top Business Drivers For Modernizing Your Systems Of Agreement



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



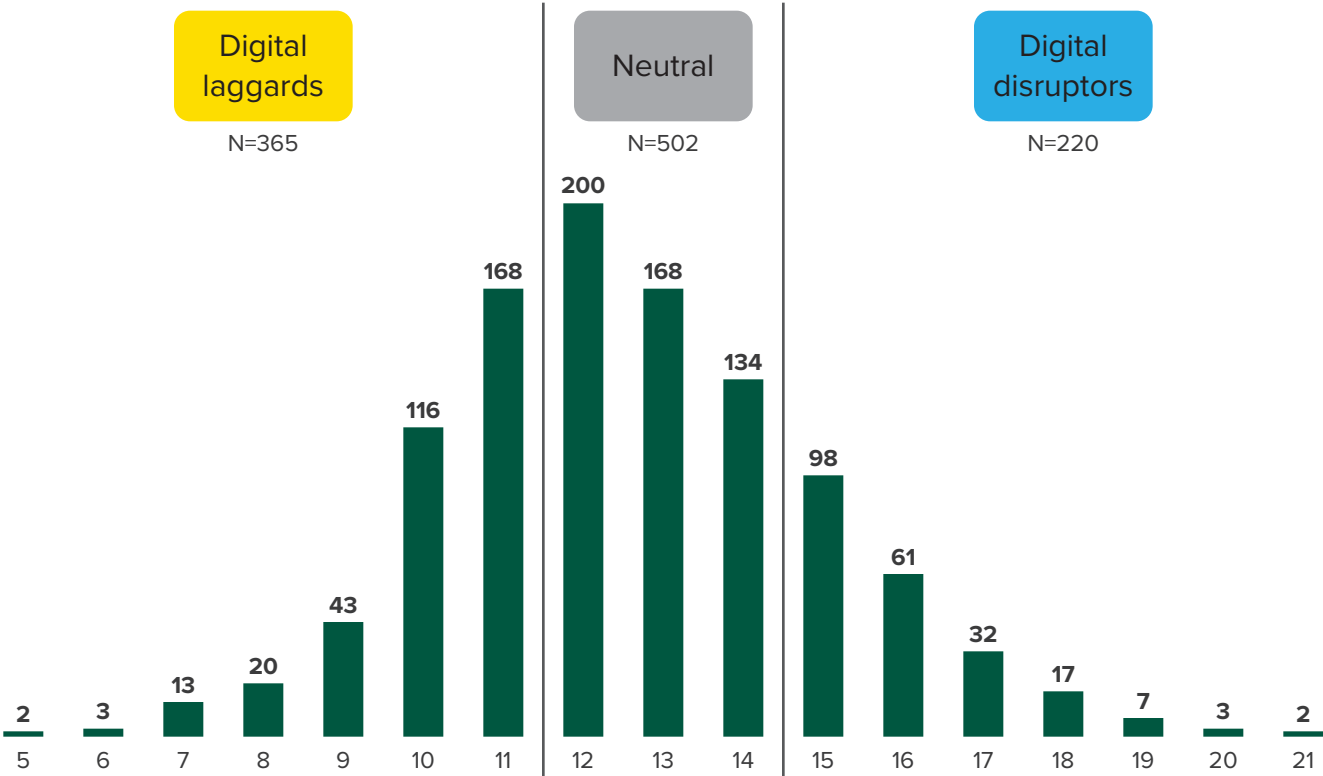
Base: 1,087 global manager-level and above technology purchasing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

The Emergence Of The Digital Disruptor

In this year's survey, we found a clear delineation between those operating with more mature agreement processes and those lower on the agreement maturity scale. We used a maturity model calculation to define and segment groups based on respondents' approaches to preparing, signing, acting on, managing, and analyzing agreements. High-maturity groups, or digital disruptors, are those that scored the highest marks in our criteria questions. Conversely, low-maturity digital laggards scored the lowest across the evaluation criteria (see Figure 2).

Figure 2
Digital Disruptors Vs. Digital Laggards

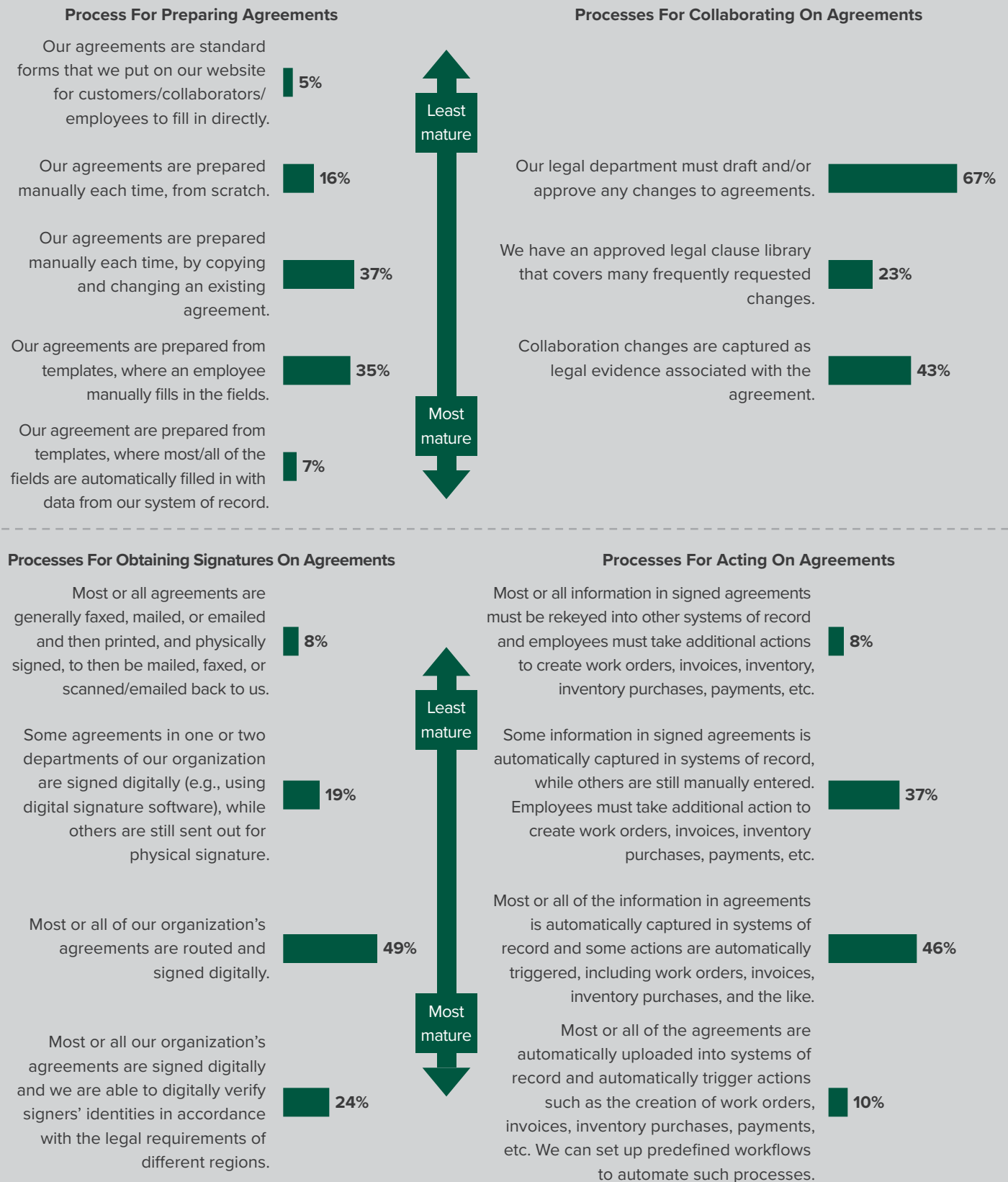


Base: 1,087 global manager-level and above technology purchasing decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

WHAT MAKES A DIGITAL DISRUPTOR?

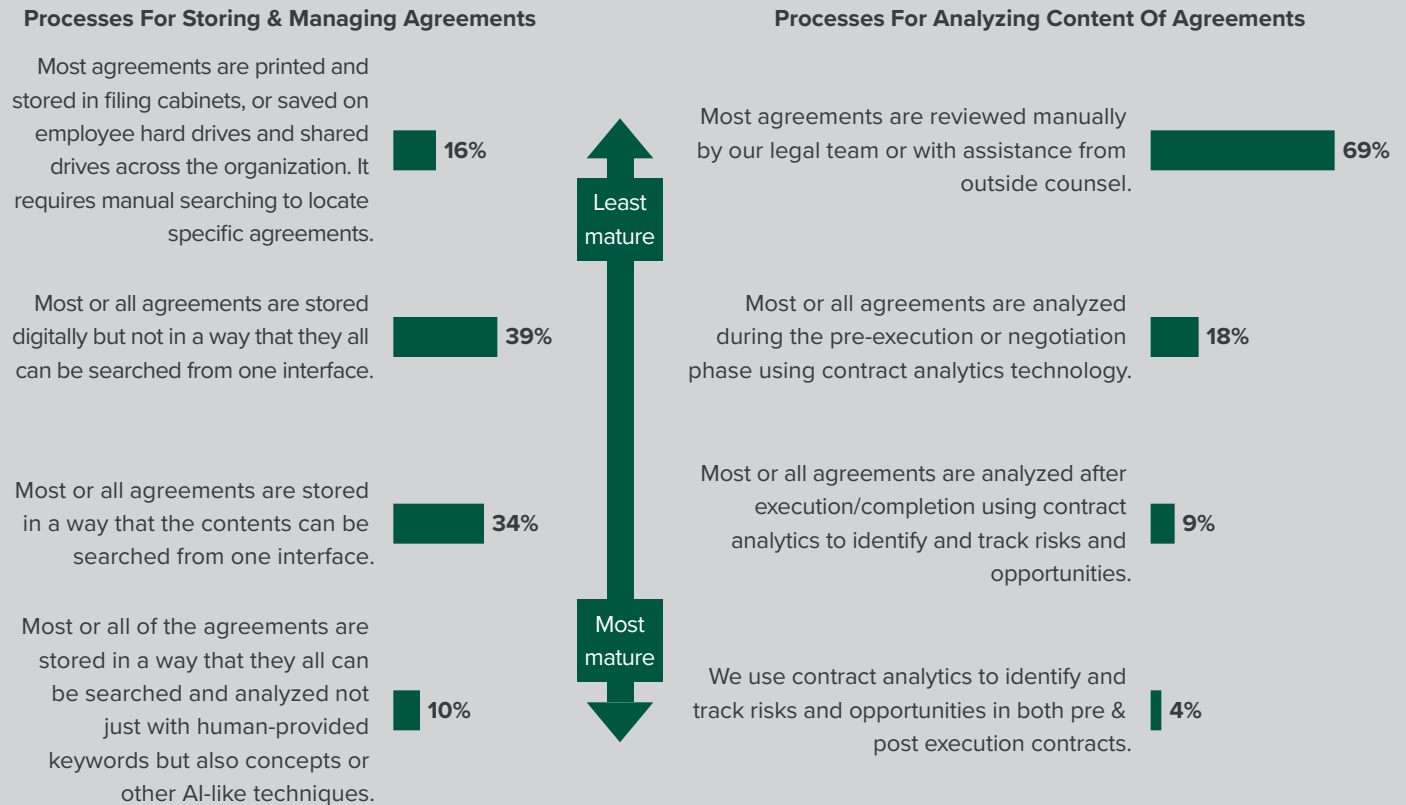
By definition, high-maturity organizations are adopting digital technologies for agreement processes much faster than their lower-maturity counterparts. But what are the characteristics of high maturity? Digital disruptors outpace digital laggards via the agreement practices, processes, and technologies used most often, as well as the benefits experienced. Our maturity calculation factored in organizations' processes for the following stages of agreement processing, bucketing them into high- and low-maturity groups (see Figure 3).

Figure 3



Base: 1,087 global manager-level and above technology purchasing decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

Figure 3 (Cont.)



Base: 1,087 global manager-level and above technology purchasing decision-makers
 Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

High-maturity digital disruptors are organizations whose processes:

- › **Prepare.** Use templates to prepare contracts and automatically fill in data.
- › **Sign.** Use electronic signature for most or all agreements and are able to digitally verify identity.
- › **Act.** Automatically capture most or all of the information in agreements into systems of record.
- › **Manage.** Store agreements in a way that can be searched from a single interface using automated, nonhuman search and analytics.
- › **Analyze.** Use contract analytics, both pre- and post-contract execution.

REGARDLESS OF MATURITY, SEEK TO UNDERSTAND KEY PAIN POINTS

All digital laggards will eventually become digital disruptors or die out; this is a movement that only goes in one direction. We've seen the negative side effects of being a laggard, but it's also worth noting that remaining in laggard territory does nothing but prolong these negative effects and delays the benefits experienced by digital disruptors. The question is not "Why aren't you mature?" The question is "Why are you waiting?"

Manual processes continue to cost organizations time, money, and their sanity. One interviewee described how the implications of a manual process can be detrimental, especially during a pandemic: "Imagine if you're gathering 25 signatures for [a contract]. They'd have to hand it around to 25 people in the office. Not all of them are in the same place, certainly not now given the pandemic, and some that aren't even in the same country. That form physically gets posted around the world before it gets returned, and that elongates the onboarding process dramatically."

Between the financial cost of physical mail, the time it takes to send a document to everyone involved, and the mental capacity involved in keeping track of it all, these types of processes do not bode well for modernization.

Organizations at all maturity levels face some key process challenges that they must prepare for (see Figure 4). There is no reason to delay process shifts anymore. Changes can happen quickly and without the anticipated pain.



The question is not "Why aren't you mature?" The question is "Why are you waiting?"

Figure 4

"Which of the following process and systems issues do you encounter with paper-based processes when ..."

Preparing Agreements	Signing Agreements	Acting On Agreements	Managing Agreements
60% Rework due to errors from manually transferring data, such as customer or product information, into agreements	58% Lack of visibility into the status of agreements	56% Duplicate work required to reenter data from agreements into systems of record	61% Inability to effectively search all agreements' full text
56% Inefficiency due to manually adding information to contracts that already exists in our systems	46% Delays due to errors and missing information	54% Manual routing of agreement to multiple teams that need to act on it	50% Lack of visibility into the location and status of signed documents
50% Difficulty maintaining security and confidentiality	42% Poor experience for customers	49% Errors and rework due to incorrectly entered data	49% Risk from the inability to search or proactively detect problematic contract language

Base: 1,073 global manager-level and above technology purchasing decision-makers, not fully digital
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

How Digital Disruptors Outperform Digital Laggards

These digital disruptors have outperformed their low-maturity counterparts even in the wake of a global pandemic that shook every organization to its core. Digital disruptors superseded laggards in three key areas: processing agreements, realizing business benefits, and utilizing contract management/analytics.

DIGITAL DISRUPTORS PROCESS A LARGER NUMBER OF AGREEMENTS

Overall, we see dramatic growth of the number of contracts processed per department year over year. Broken down by maturity, we see that 82% of digital disruptors processed over 500 agreements in their department, compared to just 67% of digital laggards (see Figure 5). As this number continues to increase, the complexity/demands placed on organizations will grow as well. Digital disruptors are better able to manage higher volumes of contracts because their reliance on digitized, automated processes decreases costs, increases speed of completion, and improves the agreement process experience. The more contracts an organization has, the more they stand to benefit from automating contract generation and management.



“Efficiency, customer experience, pragmatism, and operational risk all came together to digitize our key processes that touch the customers at key points in their journey.”

Director, financial services industry

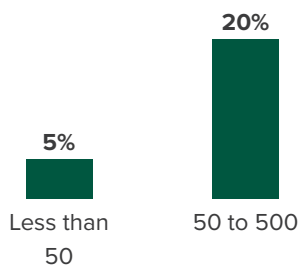


Figure 5

“Using your best estimate, what is the total number of contracts or agreements processed by your department each month?”

More digital disruptors process 500+ agreements

82% Digital disruptors
67% Digital laggards

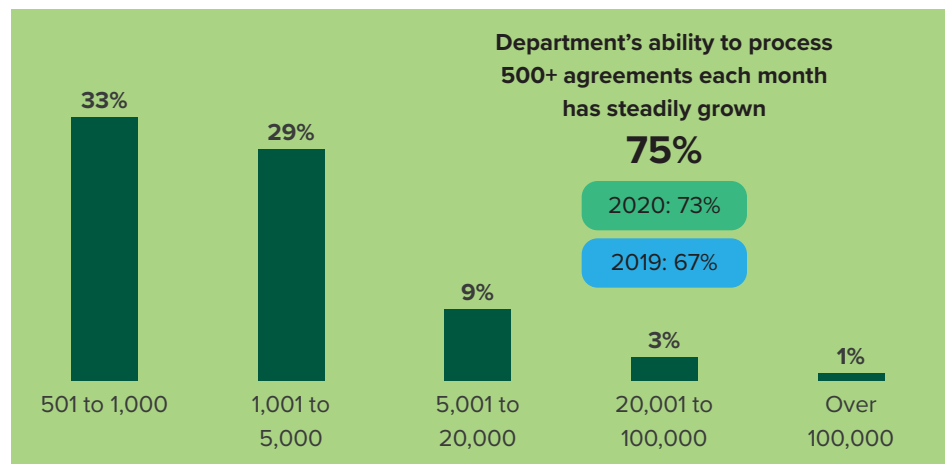


Department's ability to process 500+ agreements each month has steadily grown

75%

2020: 73%

2019: 67%



Base: 1,087 global manager-level and above technology purchasing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

DIGITAL DISRUPTORS UTILIZE CONTRACT MANAGEMENT & CONTRACT ANALYTICS MORE FULLY

While many companies have implemented e-signature, the steps especially after the signature often remain manual. However, higher levels of maturity allow disruptors to look beyond the basics and use more innovative technology (see Figure 6). It is no longer acceptable not to know the status of your agreements, where they are stored, and what terms are in them. Contract management — and specifically contract workflow automation and contract analytics — have been catapulted into the spotlight as critical technologies for managing business continuity and risk, uncovering opportunities, and accelerating time-to-revenue. Organizations of any maturity level can look beyond e-signature to gain additional benefits of automating the processes before and after signature, such as automating contract routing workflows and approvals, preapproved legal clauses and templates, and centralized storage of contracts.

Figure 6

“Which best describes your organization’s use of each of the following technologies?”



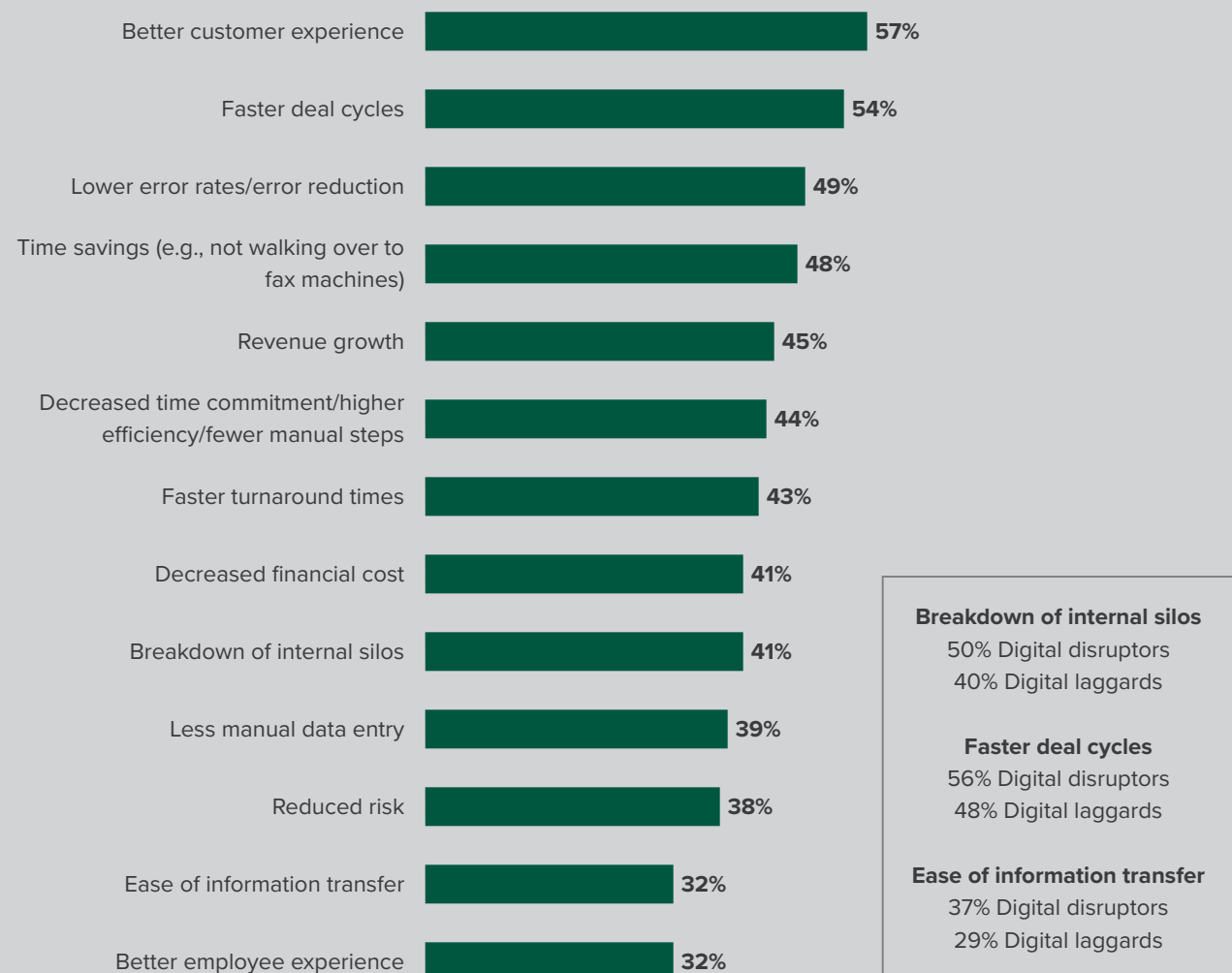
Base: 1,087 global manager-level and above technology purchasing decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

DIGITAL DISRUPTORS EXPERIENCE HIGHER INSTANCES OF KEY BENEFITS

The time and effort wasted during manual agreement processes can prevent digital laggards from achieving the initiatives they set out to; conversely, digital processes better prime organizations to achieve success while delivering more benefits. Digital disruptors more frequently experience substantial business benefits in comparison to their low-maturity counterparts (see Figure 7). Particularly, digital disruptors experience higher instances of silo breakdowns, faster deal cycles, and easier information transfer — illustrating how a digital agreement process improves functionality and innovation across the board.

Figure 7

Benefits Of Implementing Digital Agreement Processes



Base: 1,087 global manager-level and above technology purchasing decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

MORE ADVICE FROM OUR DIGITAL DISRUPTORS

- › “Preparation is key. Having a solid foundation and process, where everybody is on the same page, understands who is responsible for what element of the process, how it’s going to work, and how it’s mapped out — there’s a lot of value in that. It makes rolling out more straightforward; having a rough idea of how it’s all going to work made it easier for us to upscale as quickly as we did.” – *Manager, legal industry*
- › “There needs to be full support from the top down. [It helps] with consistency and understanding ... Start early with cybersecurity, compliance, legal teams, and strive to get their support and approval altogether so there’s the common knowledge.” – *Director, financial services industry*



Key Recommendations

The benefits of moving to fully digitized systems of agreement are clear and strategic. Most organizations have goals to move toward greater automation, but many are moving slowly. The data indicates that higher levels of maturity in execution result in significant benefits, so the goal is to accelerate your strategy. To do that:



Identify your organization's critical pain points. Manual processes in systems of agreement create numerous issues including delays, errors and accompanying rework, and lack of visibility. However, the larger implications are far more concerning where lack of automation can degrade customer experience, delay revenue recognition, create security and compliance issues, and a host of other issues. Identify immediate pain points around these manual processes in your systems of agreement and begin to address them.



Accelerate your journey on the maturity scale. While addressing tactical pain points is a great starting point, and many can be addressed through the application of e-signature, the real value accrues as your organization moves up the maturity scale. Moving up the scale and embracing technologies that automate systems of agreement before and after the signature phase, like contract management and contract analytics, yield not only greater, but more strategic benefits like improved customer experiences and better information flows across the organization. Work with process professionals, enterprise architects, and key business executives to implement consistent and mature approaches across your organization.



Design for high transaction volume and broad deployment. Your agreement processes are pervasive across your organization, and they do not respect your organizational boundaries. As you move up the maturity scale in deploying system-of-agreement solutions, do so with a goal of ubiquity and standards. A strategy that can be applied to all system-of-agreement processes in a consistent way will allow for greater scale and consistency of benefits.



Embrace continuous delivery and plan for change. A consistent and pervasive approach to implementing systems of agreement not only drives scale, but it also supports agile change. Assume that technology and business requirements will continue to shift only more quickly and that planning for business disruptions like COVID is the new norm. With that in mind, process digitization creates a far more agile foundation that will better support continuous improvement and continuous delivery.

Appendix A: Summary Of 2020 Performance

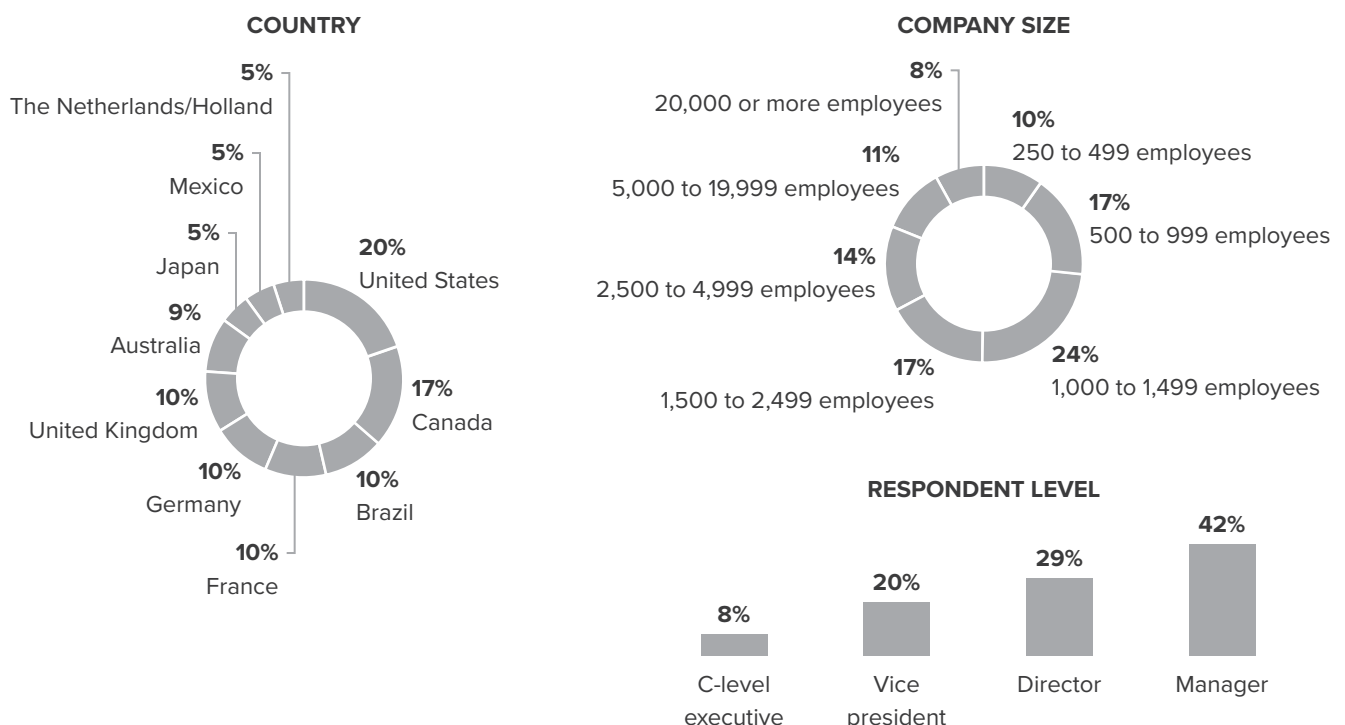
The prioritized initiatives identified over the last few years are holding steady. This is good news: Organizations have identified the broad initiatives that will be their north star for years to come and are beginning to make progress in achieving these goals.

- › **Priorities and perception of effectiveness are stable.** Organizations continue to prioritize strengthening security and compliance (83%), customer experience (CX) improvements (78%), and increasing business agility (71%). Further, we see that organizations report higher levels of process efficiency among early agreement stages (preparing and signing) as opposed to post-signature stages (reviewing portfolios for risk, storing/locating agreements, and reporting on trends.) Organizations had been embracing digital transformation at their own pace with internal drivers pressuring the businesses to succeed (e.g., better customer satisfaction, operational efficiencies, embracing new tech like internet of things); however, the time has come to modernize the entire process beyond signature to reap the full benefit.
- › **Business drivers and future plans remain steady:** Organizations have set their sights appropriately. For the third year in a row, organizations prioritize improving CX with faster access to documents (48%), security improvements (45%), and revenue acceleration (39%). Further, organizations continue to make systems/process improvements along the entire agreement lifecycle. This illustrates that organizations are not stagnant and know that the transformation cycle is ongoing, and that they've prioritized appropriately for the long term.

Appendix B: Methodology

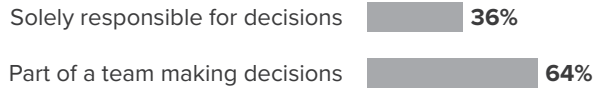
In this study, Forrester conducted an online survey of 1,087 decision-makers at organizations around the world to evaluate systems of agreement processes and functions. Respondents must have responsibility for managing one or more document-intensive or agreement-related business processes to qualify. Respondents were offered a small incentive as a thank you for time spent on the survey. The study was completed in February 2021.

Appendix C: Demographics

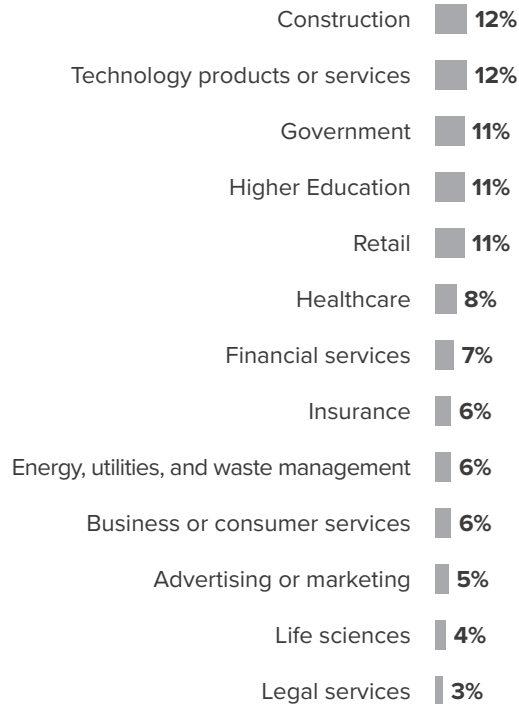


Base: 1,087 global manager-level and above technology purchasing decision makers
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

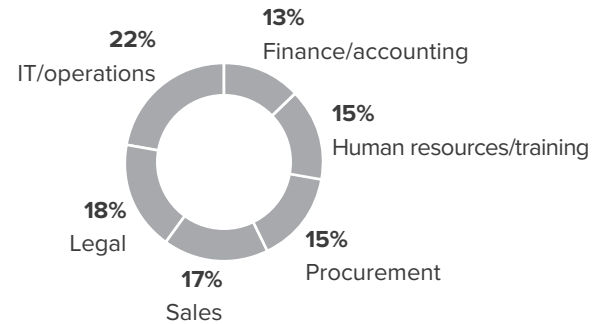
DECISION-MAKING ABILITY FOR DOCUMENT-INTENSIVE PROCESSES



INDUSTRY



POSITION/DEPARTMENT



RESPONSIBILITIES



Base: 1,087 global manager-level and above technology purchasing decision makers
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, February 2021

Appendix D: Definitions

Agreement/contract: Binding legal documents that require a legally defensible signature such as a sales contract, consent form, etc.; or documents that need an approval or confirmation of receipt but not necessarily a signature, such as an acknowledgement of a policy.

Contract analytics software: Technology that analyzes the content of contracts, including both basic structured data (product SKUs, prices) and unstructured data (clause language) that requires the use of AI to analyze legal questions.

Contract management software: A system that automates the creation, routing, execution, and storage and management of contracts.

System of agreement: The collection of technologies and processes that a company uses to prepare, sign, act on, and manage agreements: sales contracts, employment offers, and hundreds of other agreement types.

System of record: A back-end business system that stores important business data, such as enterprise resource planning (ERP), customer relationship management (CRM), and financial and HR systems.

Appendix E: Endnotes

¹ Sources: “The State Of Systems Of Agreement, 2019,” a commissioned study conducted by Forrester Consulting on behalf of DocuSign, May 2019, and “The State Of Systems Of Agreement, 2020,” a commissioned study conducted by Forrester Consulting on behalf of DocuSign, April 2020.