

Digital Transforms The Game Of Business

Digital Transaction Management
Emerging As Key Solution

Table of Contents

Executive Summary	1
Digital Technologies Transform The Game Of Business	2
Digital Transaction Management Offers New Benefits To Businesses	3
So What's The Big Deal With Digital?	4
What Can Your Business Digitize?	6
Key Recommendations	8
Appendix A: Methodology	9
Appendix B: Endnotes.....	9

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Executive Summary

No one really doubts the importance of digital transformation to today's businesses. Our global survey found that few can deny the mounting internal and external pressure to do more than pay lip service to digital. Yet, digital adoption is not achieved without changing the behavior of the business. Management must be convinced of the business case, a thorough implementation plan must be in place, and enterprises must alter and revamp internal processes, technology, and staff to make the digital transformation.

In October 2014, DocuSign commissioned Forrester Consulting to dive deeply into the issues enterprises face in digitizing their businesses by evaluating the role of digital transaction management (DTM). We wanted to see whether and to what extent DTM is emerging as an important solution for enterprises to embrace.

How important is DTM? What are its benefits? How significant are they? What are the roadblocks organizations face in enabling digital transactions? Does digitizing business fundamentally change the dynamics of the markets in which companies operate?

Eighty-three percent of IT and LOB decision-makers have expressed a need for a DTM solution for their enterprise.

KEY FINDINGS

In conducting a 400-person online survey as well as five qualitative interviews of IT and line-of-business (LOB) decision-makers from North America, Europe, and APAC with responsibility for document-intensive business processes and selecting and managing transactional technologies, Forrester determined that:

- › **Decision-makers understand the importance of digital technologies and what DTM means.** Digital has transformed the ways in which customers discover, explore, buy, and engage with products and services. Ninety-three percent of IT leaders and 76% of LOB leaders acknowledged that providing a DTM experience is important to the success of their businesses.
- › **The need for DTM is evident.** Enterprises understand digital transaction management. The link to customer experience and embedded user acknowledgement in the

transaction separate DTM from previous automation approaches. Nearly eight in 10 IT and LOB decision-makers recognize a clear need for a DTM solution.

- › **Lines of business are losing significant revenue due to poor transaction management.** Our survey respondents were able to quantify the challenges associated with traditional analog processes: A reported 20% of companies estimated that 6% to 10% of revenue is lost, while 37% of companies estimated that number to be in the 11% to 25% range.
- › **Operational processes are the DTM sweet spot.** DTM shows tangible customer benefits, but the primary value proposition is rooted in helping enterprises achieve operational excellence. Decision-makers are most interested in digitizing operational processes and post-sales transactions.

Digital Technologies Transform The Game Of Business

As a business leader, do you get the feeling that you're no longer playing the same game that you once were? It's not you; the world has changed. The things that used to set companies apart — such as economies of scale, distribution strength, and brand — are far less potent than they used to be. Why? Because digital technology has fundamentally changed two things: the dynamics of the markets in which you operate and the speed needed to remain competitive.

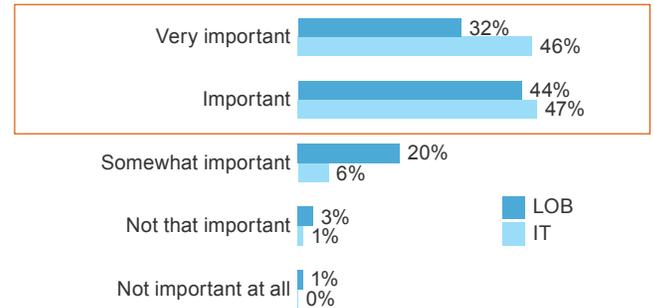
- › **Your customers are digital.** Forrester projects that by 2017, 74% of the US adult online population will own smartphones, and 46% will own tablets.¹ Digital has transformed the ways in which customers discover, explore, buy, and engage with products and services, allowing them to transcend traditional channel boundaries. Digital disruptors challenge your business model as they engage your customers in new ways.
- › **Enterprises seek to connect with customers through digital technologies.** Sixty-three percent of IT and LOB decision-makers claimed that their organization is at least a 7 out of 10 on the digital versus analog spectrum. In addition, they recognize that digital technologies create opportunities to add new services to physical products, opening doors to new experiences and revenue streams. This comes as no surprise, as 76% of IT and 93% of LOB decision-makers feel that a digital experience is important to their enterprise (see Figure 1).

“We see real tangible results [from these programs] in terms of winning business for us.”

— Senior manager at a US-based brokerage

FIGURE 1
IT And LOB Decision-Makers Feel Strongly About The Need For A Digital Experience

“How important to your enterprise is providing a DTM experience — e.g., remaining digital in all of your interactions and transactions?”



Base: 400 IT and LOB leaders in the US, Canada, Brazil, the UK, France, Germany, Australia, and Japan at enterprises with more than 500 employees

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, December 2014

Digital Transaction Management Offers New Benefits To Businesses

Digital transaction management is defined as: “A new category of cloud services designed to digitally manage document-based transactions. DTM removes the friction inherent in transactions that involve people, documents, and data to create faster, easier, more convenient, and secure processes.”

Enterprise interviewees understood the concept and were able to contrast DTM with previous automation approaches. According to a senior manager at a leading brokerage house: “DTM is different than traditional transaction automation. It is definitely something that is new and an evolution of previous automation approaches. The key difference of DTM is that it is customer facing. That’s where

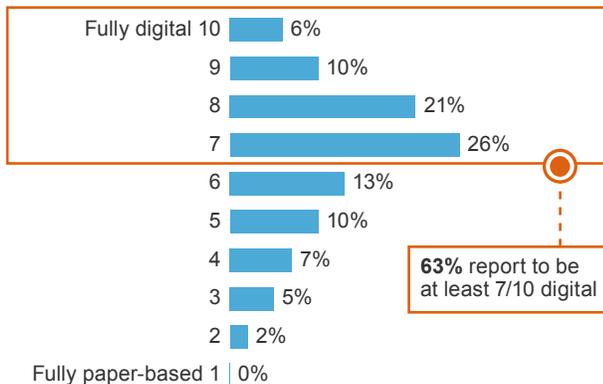
the value is — the bottleneck where the client actually clicks and submits the paperwork to us.” Our study found that:

- › **Decision-makers acknowledge the need for a DTM solution.** For many organizations, document-centric transactions start with paper, e-form, PDF, fax, or email with attendant printing, faxing, and scanning. These processes are time- and labor-intensive and often involve overnighting documents to get an acknowledgement or complete a transaction. As a senior manager at a brokerage company told us: “Before we digitized it was bad. The front end (collecting data from customers) was predominantly fax and snail mail and the back end was a lot of re-imaging work and a lot of data manipulation. Purely analog and very inefficient. The move to a digital transaction was a big hit for our advisors — a no-brainer for them. They can get an audit trail — basically an

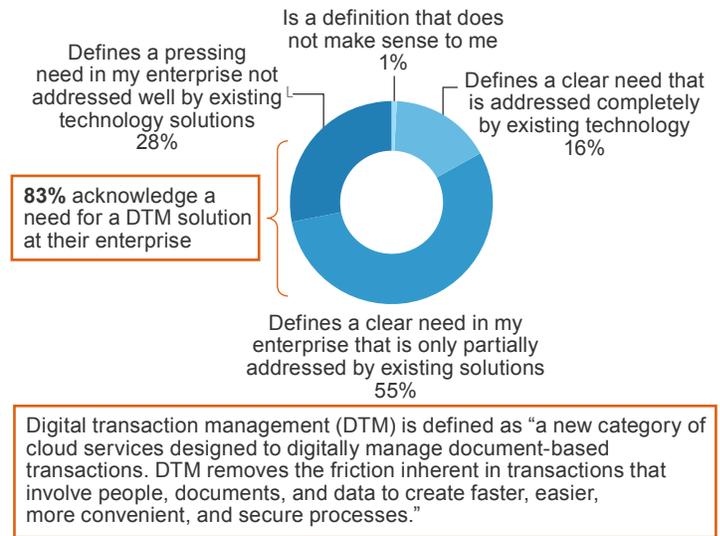
FIGURE 2

Despite A Sense That Their Organization Is Trending Toward Digital Processes, 83% Of Decision-Makers Acknowledge A Need For A DTM Solution

“When thinking about DTM in regards to the documents used at your company, where would you say your firm is on a fully analog to fully digital spectrum?”



“Regarding the definition of DTM, please select the statement that best applies to you.”



Base: 400 IT and LOB leaders in the US, Canada, Brazil, the UK, France, Germany, Australia, and Japan at enterprises with more than 500 employees
 Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, December 2014

integrated set of data — and fund the account much faster.” Despite the explosion in consumer technology, most enterprises still require the basic blocking and tackling that digital technologies provide. Despite a sense that their organizations are trending toward digital processes, 83% of IT and LOB decision-makers acknowledge a clear/pressing need for a DTM solution, as defined above, that is either *not* addressed or *only* partially addressed by their existing solutions (see Figure 2).

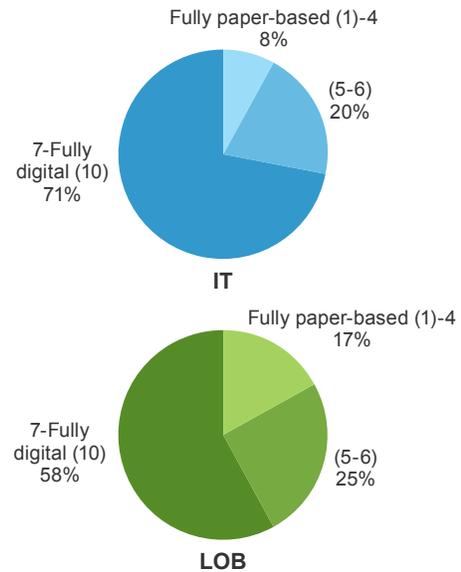
- › **IT decision-makers perceive a higher level of digital adoption than do LOB decision-makers.** We asked where firms were on a spectrum from fully analog (paper and manual processes) to fully digital, and we obtained some interesting results. For one, as expected, most firms have a relatively high rate of digital automation in current processes (see Figure 3). But they still view 30% to 42% of their processes as being poorly digitized, depending on who we asked. This proportion of analog processes accounts for as much as 80% of costs and inefficiencies in their transactions, placing a significant burden on enterprises. Interestingly, IT management had a brighter view of the rate of digitization, perhaps reflecting their hard work and focus to automate processes. LOB, in contrast, felt there was far more work to do (see Figure 3). IT management also felt it was more important to present a DTM experience (a more modern experience) to their customer than was recognized by their LOB counterparts.

So What's The Big Deal With Digital?

- › **Digitization drives efficiency.** Eliminating costs, making faster changes, and improving customer experience are strong business drivers to move your enterprise toward DTM. In order to gauge the importance of these drivers, we asked our respondents what issues and problems they encounter with their analog processes. Respondents identified human error as the top issue encountered with their analog processes. Additional issues included cumbersome paper-oriented document management, collecting and managing documents from multiple sources, administering and controlling documents over time, dealing with a lack of security, and maintaining visibility (see Figure 4).

FIGURE 3
IT Decision-Makers Perceive A Significantly Higher Level Of Digital Adoption Than Do LOB Decision-Makers

“When thinking about DTM in regards to the documents used at your company, where would you say your firm is on a fully analog to fully digital spectrum?”



Base: 400 IT and LOB leaders in the US, Canada, Brazil, the UK, France, Germany, Australia, and Japan at enterprises with more than 500 employees

(percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, December 2014

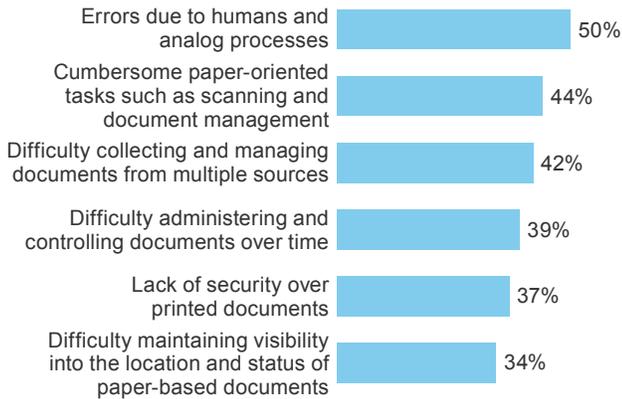
“By taking on DTM, we were able to increase the volume of processing without adding heads. So there's the DTM value: cost, productivity, and cycle time.”

— Senior director at a US-based computer software, hardware, and consumer electronics organization

FIGURE 4

Human Error Is The Top Issue Encountered With Analog Processes

“Which of the following process and systems issues do you encounter with your analog processes?”
(Select all that apply)



Base: 400 IT and LOB leaders in the US, Canada, Brazil, the UK, France, Germany, Australia, and Japan at enterprises with more than 500 employees

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, December 2014

› **Poor transaction management contributes directly to revenue loss.** All of the above challenges identified by our respondents affect the bottom line. Ninety-eight percent of companies reported some revenue impact of poor transaction management. A reported 20% of companies estimated that 6% to 10% of revenue is lost, while 37% of companies estimated that number to be in the 11% to 25% range (see Figure 5). Revenue hits come in the form of lost deals, prospects that abandon onboarding processes, disjointed experiences that create poor customer satisfaction, and lost business due to the lack of self-service and direct-to-consumer digital platforms. As a median, LOB decision-makers estimated that they are losing 11% to 15% of deals due to poor transaction management.

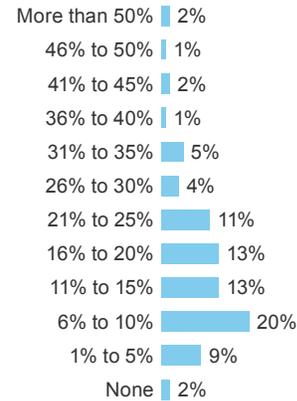
“The digital solutions that we have put into place and tracked have seen the ROI that we anticipated, and in some cases, more than we anticipated.”

— Senior director at a US-based computer software, hardware, and consumer electronics organization

FIGURE 5

LOB Is Losing Significant Revenue

“Using your best estimate, what percentage of revenue is lost due to poor transaction management?”

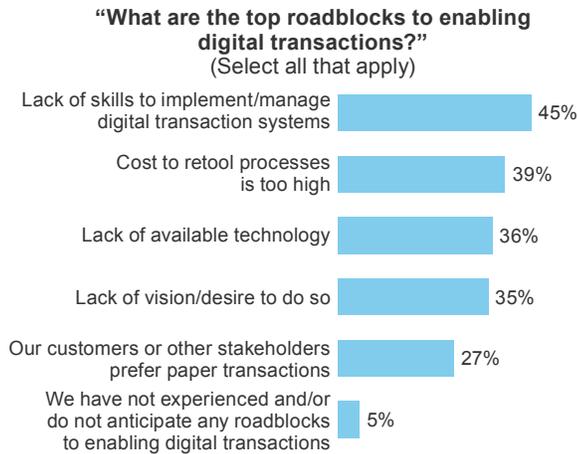


Base: 400 IT and LOB leaders in the US, Canada, Brazil, the UK, France, Germany, Australia, and Japan at enterprises with more than 500 employees

(percentages may not total 100 because of rounding)

› **Costs and lack of skills are primary barriers to digitization.** The advantages of DTM are well understood, so why are enterprises so slow to digitize transactions? Respondents ranked security as by far the top concern when considering adopting and growing a DTM solution — 81% of respondents ranked security among their top three concerns. Compliance and privacy were next on the list. No surprises there, as seemingly every day the media reports yet another violation of data privacy. But when our respondents were asked about the roadblocks to enabling digital transactions, they said that the real barriers going forward are cost concerns and a lack of digital skill sets. Forty-five percent of decision-makers identified a lack of skills and 39% identified costs associated with retooling processes as the top roadblocks to enabling digital transactions (see Figure 6).

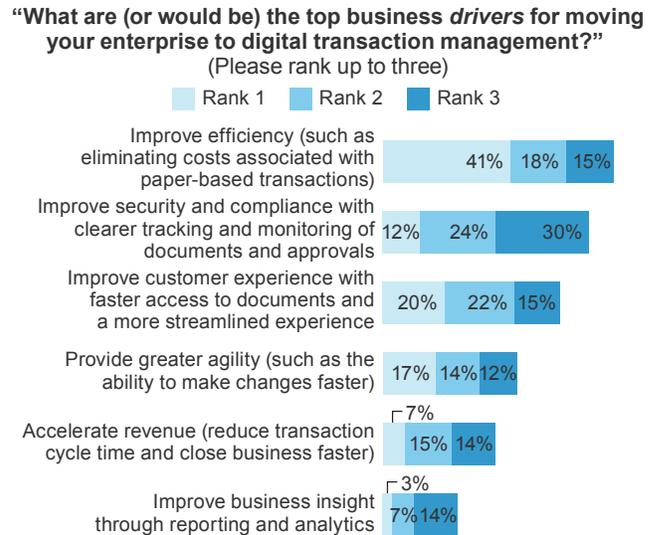
FIGURE 6
Skills And The Costs Associated With Retooling Processes Are The Top Roadblocks To Digitization



Base: 400 IT and LOB leaders in the US, Canada, Brazil, the UK, France, Germany, Australia, and Japan at enterprises with more than 500 employees

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, December 2014

FIGURE 7
Efficiency, Security, And Customer Experience Are Top Drivers For DTM



Base: 400 IT and LOB leaders in the US, Canada, Brazil, the UK, France, Germany, Australia, and Japan at enterprises with more than 500 employees

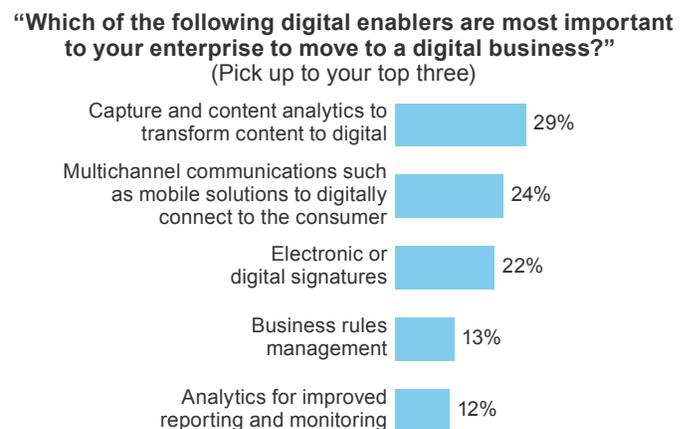
Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, December 2014

What Can Your Business Digitize?

Sales, HR, finance, order processing, legal, procurement, and field service are all great focal spots for expanding your company's use of DTM. They remain mired in paper and analog processes. Enterprises see the value — an important first step — but execution is the hard part. Implementing human changes in the organization and revising technology that supports core processes challenge executives.

› **Efficiency, security, and customer experience drive digital transformation.** Enterprises are seeing the value and feeling the pressure. Decision-makers identified efficiency, security, and customer experience as the top three drivers for adopting a DTM solution (see Figure 7). Sixty-four percent of IT and LOB decision-makers believe that DTM's ability to automate straight-through processes will add value to their company. IT and LOB decision-makers identified the transformation of content to digital, multichannel digital communications with consumers, and electronic signatures as the most important enablers of a digital business (see Figure 8). A senior manager in IT

FIGURE 8
Top Enablers Of A Digital Business



Base: 400 IT and LOB leaders in the US, Canada, Brazil, the UK, France, Germany, Australia, and Japan at enterprises with more than 500 employees

Source: A commissioned study conducted by Forrester Consulting on behalf of DocuSign, December 2014

services and consulting told us: “We are trying to quickly get to what the process looks like today and then see how we can digitize it. We’ve just invested heavily in e-signature, collaboration, and workflow. We want to make sure that employees understand what is available to them through transactional management.”

“Primary drivers are governance and security, and also safeguarding the revenue of the business.”

— *Managing director at a recruitment firm*

› **Decision-makers are most interested in digitizing operational processes.** Sixty-two percent of enterprises are interested in digitizing operational processes and post-sales transactions first. Pre-sales and corporate functions lag behind core operational processes. Organizationally, the head of operations is identified as the top role that benefits the most from DTM solutions, with the CIO second. Hence, DTM has the strongest role in the processes that run the company — taking orders and delivering goods and services.

› **The need for DTM extends across functional roles.** When we asked about the competitive impact of a DTM solution on various business functions, the majority response was “very significant” in every single business function. Among the top were IT (84%), finance (81%), HR (76%), and sales (72%).

› **Almost all roles and departments have room for further digitization.** We asked respondents in various departments about the degree of digitization of their daily processes. That is, we asked them to what degree key transactions that involve people, documents, and data have been digitized to create faster, easier, more convenient, and more secure processes. For sales, order processing has seen the biggest rate of digitization, followed by customer account provisioning. HR has significant work to do across the board but especially for new hire paperwork, contractor agreements, and separation agreements. One senior manager at an IT service company told us that they struggle with distributing 401(k) packages: “Today, they are mailed to employees. With a digitized process we could get 401(k) packages to be acknowledged when received by employees, and we can know that the employee has read the package; it would be great.” Marketing has largely digitized its customer approvals and event registrations but lags in digitizing other administrative transactions such as marketing agreements. Finance has overall the highest rate of digitization but is dragged down by analog

processes for compliance, perhaps due to their newness and volatility. Procurement struggles with request for proposal (RFP) management and compliance. Field service, despite opportunities for automation and mobile solutions, lags significantly, while legal remains in paper and as a manual process.

“In one area where we had a distributor and an OEM for a process, it was taking 65 days, and we got that cycle time down to 6 hours. So cycle time is huge and people are more productive. We are able to do more with less.”

— *Senior director at a US-based computer software, hardware and consumer electronics organization*

› **DTM benefits consumers.** In addition to businesses, consumers also experience significant benefits with DTM. For example, one recruiting organization underscores the importance of the experience to consumers in terms of acceptance of proposals: “All of (the proposals) used to be set up over a few days; we had to go and meet the clients. Now it’s just sent straight out and the clients actually enjoy signing them.” The organization goes on to say that “the SaaS platform creates a rich user experience for our clients and candidates.”

Key Recommendations

This research points to several best practices for organizations:

- › **Act in 2015 to avoid falling behind more digitally savvy competitors.** Business executives must put themselves in the digital driving seat. Confused ownership of digital strategy, a lack of critical skills, and an ill-defined vendor landscape will leave many firms floundering over half-hearted digital strategies. Digitally savvy competitors will seek to stem the revenue losses due to poor transaction management. With almost 90% of respondents estimating that more than 6% of their revenue is lost due to poor transaction management, the stakes are high and the opportunity to move the needle is significant.
- › **Define clear sponsorship and functional leadership of digital transformation.** Respondents reported that 67% of the time, IT is primarily responsible for selecting DTM tools and technologies, followed by finance (16%). These decision-makers should look for opportunities to begin (or advance) the digitization journey. Your CEO must be the ultimate sponsor of digital business transformation, but she doesn't need to know all the details. Your COO and CIO must work in conjunction to bring a detailed understanding of how digital can transform your business. Don't fight a C-level battle that you won't win for ownership. Highlight your role as the subject matter expert and position yourself as the trusted advisor and on-the-ground functional leader in a hands-on way that your COO or CIO may not have the depth of knowledge to provide.
- › **Build an iterative road map that moves you toward digital mastery.** The ever-increasing pace of change means that the concept of a fixed three-year plan is dead. Don't think of 2015 as the year in which you deliver digital transformation; think of it as the year in which you pivot your organization from thinking in terms of large-scale, one-off transformation to an attitude of continual innovation, iterative delivery, and constant evolution. Champion Agile development; build proof points, such as a store of the future or a leading digital capability in a single business unit or country; fund innovation ecosystems; and spread the test-and-learn culture that probably already exists — and make sure you can measure the results. Find the biggest opportunities for return on investment with the least barriers to implementation and start there. The results you measure will pave the way for continued digital evolution across your business.
- › **Stay in step with emerging digital trends.** Respondents ranked security as by far the top concern when adopting and growing a DTM solution; it was ranked in the top three by 81% of respondents. Stay in step with digital standards that govern how digital transactions are managed and that seek to provide assurance on the security and availability of transactions. For example, the xDTM Standard is being driven by standards experts and industry leaders and seeks to make digital transactions more secure, private, compliant, valid, available, universal, and scalable.
- › **Plug the skills gap.** Whether it's through recruitment, partnership, or a combination of both, finding the right people must be at the top of the agenda. Individuals with strong digital skills and industry knowledge are rare. But driving transformation also demands strong influence, leadership, and consulting skills, and people who can tick all of these boxes are rarer still. Don't be constrained by your industry or geography. Highlight the cool, cutting-edge nature of your transformation project; the lifestyle benefits of living in a leafy rural town; or the opportunities to learn, grow, and develop. Digital talent will be in demand in 2015, and enterprises will need to use every trick in the book to find and retain the right people.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 400 IT and LOB professionals to evaluate the role of DTM in enterprises. In conjunction with the survey, Forrester also interviewed five IT and business professionals. Participants included decision-makers at enterprises in North America, Europe, and APAC. Questions provided to the participants asked about their organizations' activities surrounding DTM usage, implementation, and employee adoption. The study was completed in December 2014.

Appendix B: Endnotes

¹ Source: "Drive Unified Digital Customer Experiences With Better Technology Strategies," Forrester Research, Inc., July 10, 2014.