

HOW TO CALCULATE E-SIGNATURE ROI

ALIGN YOUR E-SIGNATURE INITIATIVE
WITH CORPORATE GOALS, AND USE
BOTH HARD AND SOFT ROI TO SUPPORT
THE BUSINESS CASE.

WHITE PAPER

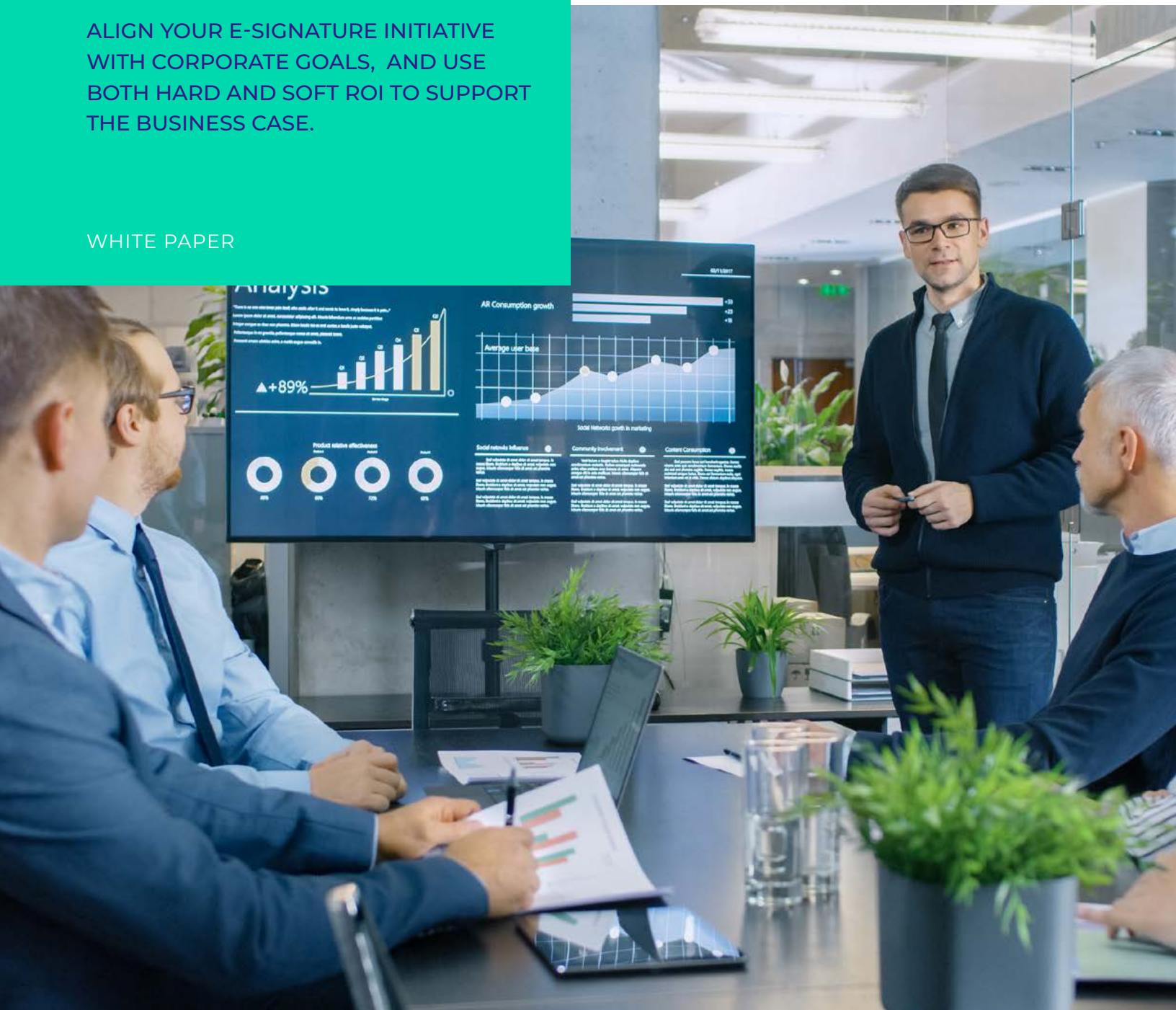




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INTRODUCTION

eSignatures provide immediate cost savings and revenue generating opportunities. But before launching your eSignature project, you need to prove the ROI.

With this paper and the companion ROI calculator, you will be equipped with proven strategies and time-saving calculations that will help you clearly articulate the ROI value and payback.

The world has gone digital and it's not simply a question of doing business better, faster and cheaper. Most businesses and government organizations are moving toward end-to-end digital business processes to improve customer experience. However, when faced with the decision of when and where to put financial and staff resources, organizations need more than intuition. They need tangible numbers to help prioritize an e-signature project and ensure all stakeholders are onboard.

Decision makers will also be looking at how an e-signature investment aligns with the organization's broader strategic goals. This is where the qualitative value areas become important. In this white paper we take a comprehensive look at both quantitative and qualitative ROI metrics from companies that have used e-signatures to cut costs, close customers faster, avoid abandonment, generate revenue, reduce errors and risk, increase customer retention and more. While the qualitative benefits are more difficult to predict and measure, they have a significant impact on profitability, competitive advantage and customer satisfaction, so we provide tips on how to build them into your business case.

This paper will help you develop a holistic look at the returns you can achieve with e-signatures. Once you've read it, [download the companion Excel calculator tool](#) to quantify your current cost of doing business on paper. Keeping in mind that ROI is best measured for a specific process, start by identifying a target process. Look at it from a before-and-after perspective to identify improvements. Then benchmark your anticipated ROI against the real-world metrics others have achieved.

HIGHLIGHTS



Prior to e-signatures, the Bank of Montreal consumed approximately 1.6 billion sheets of paper a year. Learn how BMO used the unit cost of paper to build an enterprise-wide business case for e-signatures and e-forms.

[Jump to BMO's ROI study >>](#)



A leading P&C carrier uses a digital, straight-through process to bind and issue policies online. They can now convert web visitors into customers on the spot.

[Jump to this insurance ROI story >>](#)



USDA is a regulatory agency, and that makes auditability extremely important. Find out how e-signatures deliver ROI in the form of health safety compliance benefits.

[Jump to USDA's ROI story >>](#)

The Cost of Paper

Manual, paper-based processes are the root of high transaction costs. Studies show that among U.S. companies alone, 30 billion paper documents are copied or printed every year. But have you actually calculated how much photocopying, scanning and hard copy storage is really happening across your organization? Even if you are using an electronic workflow with imaging and a content management system, without electronic signatures, documents are still being printed for signing, then photocopied, shipped, faxed, corrected, imaged back into the system, archived and shredded.

While organizations have been talking about digitizing for years, many industries still grapple with paper consumption and manual signing processes. To this point, analyst firm Celent reported on one large bank's e-signature and e-forms ROI, and found that paper can represent close to \$100 million annually in potential savings for a large bank:

"[Bank of Montreal](#) uses approximately 1.6 billion sheets of paper a year. According to the project team's TIPs, if laid end-to-end, it could pave a paper path to the moon and back. Assigning a piece of paper the value of 0.08 cents (based on cost for printing, scanning, transferring, storing, and destroying paper), once all products have been converted to eForms, the reduction of paper in its retail branches would save the bank CAN\$132 million (US\$98.2 million) a year," writes Senior Analyst Joan McGowan.

When evaluating your paper-related costs, start by gathering data related to:

- Document production (paper and supplies)
- Document distribution (routing by mail, courier, fax, etc.)
- Document storage (scanning, imaging and archiving)

All of these can be practically eliminated with e-signatures. As an example:

- [Signature Mortgage](#) reduced shipping costs by 85 percent, for a cost savings of \$20,000 per office.
- A leading [diversified global insurer](#) estimates that e-signatures save \$10 per new business transaction based on eliminating paper (\$2), service (\$6) and scanning (\$2) costs.
- By using e-signatures, a [top 5 US bank](#) avoids \$1 million in scanning and imaging costs annually on 26 million pages of loan documents – one of the most paper-intensive processes in the banking industry.

For many, these hard cost savings alone are enough to justify an e-signature investment – but this is just the tip of the iceberg.

Administrative Labor

Next, look at administrative labor costs such as the number of clerks, mailroom staff and other personnel responsible for

manually processing paper – faxing, photocopying, preparing paperwork and performing QA checks, re-keying, scanning, stuffing envelopes, etc. As much as 90 percent of this effort can be offset.

For example, when a top US bank deployed e-signatures across 3,000 branches for loan processing, they eliminated 80 percent of loan document handling costs. Similarly, RBC Royal Bank of Canada estimates that e-signatures save \$8 million in annual administrative costs.

Archiving

Look at the cost of archiving paper records. Certain industries like life insurance may need to hold records for 50+ years.

In the banking industry, a signature card needs to be kept for the life of an account plus five years. In the case of signature cards, these are traditionally stored at the branch where the signature card was signed, so the physical space requirement is an ongoing problem – the back rooms used for storage are often bigger than the public front-end of the branch. In addition to the cost of the square footage needed to store paper, time spent searching for paper records, retrieving and re-creating them can be incredibly expensive.

TIP

See [Excel ROI calculator](#) for specific cost calculations related to document production, distribution, and storage.

Revenue Impact

There are several scenarios where e-signatures can directly influence revenue, with the most common being time savings for sales or customer service personnel. In the words of one bank executive, "The real bottom line here is our sales force has told us how much they struggle with not having enough hours in a day to get everything done. E-Signatures are one of the ways we're trying to help ensure less of their time is tied up in after-sales administration, so they can focus on relationship-building activities and ultimately driving more revenue."

By freeing your sales force of administrative paper tasks, they can spend more time with customers – gaining a better understanding of the customer's needs, uncovering opportunities to cross-sell and directly marketing one-on-one.

The following are examples of businesses that are generating additional revenue by supporting the sales process with fast and effective execution of documents requiring signature:

- "Revenue is up over 100 percent. This is due to e-sign technology and of course, the record-setting low interest rates certainly help. But without our streamlined loan origination process, including e-signatures, there would be no way we could keep this pace." (mortgage lender)
- In 2017, [Wright-Patt Credit Union's](#) commercial lending team processed 65 percent more business loans than the

previous year. The credit union attributes this growth to technology such as e-signatures and a cloud-based bank operating system. The joint solution improved their efficiency and maximized bandwidth. Time savings enabled their loan officers to increase loan capacity from \$5 million to over \$15M, growing from 30 to more than 100 loans per month.

- When a top bank developed the ROI case for automating consumer and small business lending, it was built primarily on anticipated time savings. In fact, they were able to redeploy 95,000 hours of bankers' time. Bankers now spend less time managing paperwork, and more time on customer servicing and selling.
- A private online lender implemented e-signatures in their call center. When customers call in to apply for a loan, the call center agent can close quickly by sending an email to the customer and inviting them to login to a secure site to e-sign the loan documents. This also gives the agent an opportunity to discuss loan insurance, a source of additional revenue for the company.

TIP

Has your organization ever tracked the time your sales reps spend chasing signatures, fixing paperwork, locating misplaced documents, etc.? If your average sales person produces \$250,000 in annual revenue and you can regain even just 10 percent of that through straight-through processing with e-signature technology, the immediate top-line benefit is \$25,000 per sales person.

Reduce Drop-off, Improve Close Rates

Another way to increase your revenue through e-signatures is by reducing the drop-off or attrition that might be happening during your new business processes. This is especially important for any online channel that today goes back to paper to collect signatures and as a result, introduces lengthy document-in-transit delays of 10 - 14 days roundtrip. Often during this stage, prospects are lost to nimbler competition who can offer a better rate and/or faster process. The abandonment rates you are experiencing today on paper will be reduced significantly once your process becomes 100 percent digital.

Examples of organizations that are closing business faster and reducing abandonment:

- "In the real estate industry, if you don't move quickly enough, there is always someone waiting around the corner that will move in to seal the deal," says IPM Vice President & CFO Robert Baer. "By deploying OneSpan Sign, we are able to make the process of leasing property even more seamless and fast for our customers."
- The P&C insurance industry is a commoditized and highly competitive market. Customers choose auto and home insurance primarily based on price, which means that

capturing their business immediately and in a cost-effective manner is critical. The online and mobile channels are faster and cost less, making digital customers more profitable sooner. By offering e-signatures, [one insurance carrier](#) now binds and issues the policy online and as a result, converts web visitors into customers on the spot. Today, the carrier is seeing 92 percent adoption, whereas prior to e-signatures, only 50 percent of insurance applications generated online were ever completed and returned.

- Small business clients at a top 5 US bank enjoy the perk of electronic ACH authorizations. This enables the business to obtain signed forms for automated payment faster and prevent abandonment. It also improves cash flow, which is critical to small businesses.
- At a top US online mortgage provider, 90 percent of customers choose to e-sign applications over the web, generating 15 percent higher closings than documents that are hand-signed.
- Retail credit finance companies such as UK-based Hitachi Capital provide retailers, e-tailers, utilities and others the ability to offer consumers financing for online, in-store and mail order purchases. [According to Lisa Harrison, Sales Director](#), "As well as an increase in credit applications, conversion of browsers to buyers is also up by 25 percent."

TIP

According to research by IBM, inefficient account opening processes contribute to up to 75 percent abandonment. What percentage of your potential customers drop out of the process between the initial application and contract completion? What percentage of that drop-off do you think you could recover if you had the ability to close the deal at the time of application?

Reduce Paperwork Errors

Manual paper processing inevitably leads to errors. Errors lengthen time-to-revenue and add costs. Incomplete or incorrect documents need to be mailed, faxed or couriered back to the customer. In some cases, it means making an additional visit to the customer's home. According to a spokesperson at Mass Mutual, "Insurance carriers are attracted by the ability of e-signatures to reduce not-in-good-order (NIGO) documents. Some 50-75 percent of applications submitted by agents are incorrect or incomplete, which delays getting the policy into the customer's hands."

One of the main reasons regulated organizations digitize their customer-facing processes is to reduce errors and exceptions. Manual paper processes result in a lot of errors. These Not-in-Good-Order (NIGO) documents are time consuming and expensive to correct, but regulated organizations must fix them. Doing so costs three times as much as an error-free digital process, simply because of all the extra time and effort involved in going back to the customer for re-works.

With electronic signature technology, you can take control of your documents and processes. There is no longer any concern about whether the back office indexed them properly or whether the person manually reviewing them noticed that a signature was missing. E-Signatures eliminate document errors by incorporating workflow rules into the automated process, to keep forms and documents from being submitted if they are missing signatures or data.

The following are examples of organizations that have dramatically reduced paperwork errors:

- Through their e-signature initiative, the [Bank of Montreal](#) achieved an 80 percent efficiency ratio with audits. The bank also cut scanning errors by 92 percent, missing files by 66 percent, and reduced the manual burden on their audit and compliance teams.
- For a personal lines carrier, one of the highest risk processes was in their auto insurance line of business. It was crucial that the customer correctly reject or accept the Uninsured Motorist coverage and make very clear choices with all the required initials and signatures, prior to the effective date of the policy. Even in this high-risk process, paperwork errors occurred, which meant that the insurance package would have to be sent back to the customer for re-processing. By automating and enforcing business, legal and regulatory rules, OneSpan Sign ensures documents cannot be electronically submitted for processing if they are missing signatures, initials, or data.
- [RBC Royal Bank](#): With e-signatures, document error rates have dropped 75 percent.

TIP

Survey your sales agents to determine the average number of hours they spend fixing errors in paperwork. This includes going back to the customer after the fact to correct errors such as missing signatures, time needed to re-work documents, do follow-up calls, administrative tasks, etc. If 75 percent of paperwork errors were eliminated overnight, how much of a savings would that represent, solely based on the average hourly wage of your sales team?

Reduce Risk

Using an electronic process combined with e-signatures provides stronger evidence than is possible with paper and more importantly, has been proven to reduce the risk of legal disputes. First, because the enforced workflow rules create an error-free transaction. Second, because OneSpan Sign provides a detailed audit trail. Satisfying regulators' inquiries, passing audit, avoiding regulatory fines and lowering the cost of e-discovery are all equally important reasons to consider an e-signature solution.

Did you know:

- The electronic evidence captured by OneSpan Sign has saved carriers millions in litigation costs, and helped avoid costly penalties and settlements. One customer has already used this electronic transaction evidence to deflect more than one million customer disputes.
- Another insurer implemented e-signatures for an auto insurance application with agents. After a \$450 million class action lawsuit in 2010 where they could not produce final paperwork for 10 million customers (constrained by the passage of time, the turnover of customers and agency force, and the challenge of retrieving subscription agreements on policies, many of which expired years before), they decided it was time to centralize their P&C business so they could have control over the application process, documents, and audit trail, versus relying on the agent to do so.
- Given the regulatory environment in which banks operate, documenting compliance is essential. For one top 20 North American bank, the Risk Management Team must sign off on time-sensitive monthly SOX and other controls and maintain archives that capture evidence of compliance. When the bank's Risk Management began using OneSpan Sign, their Operations Analyst noticed how the speed of digital improved efficiency and compliance. "[The ROI] is the turnaround time and efficiency of being able to access the document immediately and sign it electronically. With OneSpan Sign, it's immediate - which is really important, otherwise missing the deadline could mean an audit point for a particular LOB."
- At the [U.S. Department of Agriculture](#), the Animal and Plant Health Inspection Service (APHIS) has improved the way it controls and tracks the movement of livestock into and across the country by enabling end-to-end digital processes with e-signatures and a digital audit trail. An audit trail is extremely important to the import/export process. Animal health authorities have to be able to trace animal movements when animal disease incidents occur. Plus, there are many internal and external signers involved – employees of USDA, livestock importers, customs officers and brokers, etc., and it's essential to have a record of everyone involved in the process and each time they touched a document, what their involvement was and exactly what was authorized or agreed to when they applied their signature. With OneSpan Sign, USDA has strengthened auditability, and improved responsiveness in the event of any health or safety incidents. USDA officials can now pull digital records and trace an animal back through the supply chain in minutes. The end result is much stronger compliance and tracking than they ever had on paper.

TIP

Evaluate whether any of the following apply to your business case:

- Business write-offs on transactions for which you can't produce paperwork;
- The auditing costs, time saved, and fines avoided through the availability of a comprehensive audit trail and transaction evidence;
- Litigation and settlement cost avoidance.

Increase your Reach

Straight-through processing can open up new sales channels and even make new products possible. Have you considered the larger customer base that you will attract through the use of online and mobile channels? Asking people to come into a retail location to do business can create a real inconvenience and is also inefficient, but e-signatures remove those obstacles. For example:

- Using e-signatures, a lending company increased the number of states they do business in – from 28 to 48 – without opening new branches. Initial results also show a spike in volume, with four times the number of loans processed.
- Moving to the web has enabled Signature Mortgage to expand their mortgage business across the country – the company is no longer limited to serving the Ohio and Florida regions.
- “Providing the ability for our members, who are disbursed across a wide geographic area, to sign documents from anywhere creates an edge that allows us to compete with larger financial institutions,” says one credit union.

TIP

How much additional business could you capture through your mobile app or other digital channels?

Boost Productivity

Increasingly, people are working from their smartphones, tablets and other electronic devices to get the job done. When e-signatures are accessed through mobile devices, the signing experience becomes easier, more convenient and more accessible than on desktops or laptops.

Employees also find that mobile e-signing helps them get more done in less time. Nicolas Depasse, assistant director of IT at Le Grand Hopital de Charleroi in Belgium, says: “If I am in a meeting or offsite, I get an email on my smartphone requesting I sign a document, and I can e-sign immediately. Without the ability to e-sign, the documents would have to wait until the next day, if not days later. I couldn't imagine

going back to paper, when I can do everything quickly and securely right from my smartphone.”

Other examples of how e-signatures increase productivity:

- According to Keith Wilson, Senior Manager of Sales Force Technology Enablement at [RBC Royal Bank of Canada](#), “During peak periods we'd be saving two to three hours per week per advisor. So if we have about 8,000 advisors that is about 24,000 hours per week in time saved. That's a significant amount.”
- For the U.S. Army, previous paper-based form processes were estimated to take 10 hours to complete each form. With one form being handled by about six personnel throughout the year, Army personnel save approximately 60 hours annually per form.
- For a top 20 government contractor, paper-based file retrieval used to be slow and complicated. When a record was needed, a request had to be placed with the offsite storage provider and there was a two to three week turnaround before the requested document was received. This was eliminated with e-signatures and digital records.

TIP

Evaluate the following value areas:

- Electronic records dramatically reduce the amount of time employees spend searching for files. Does searching for or retrieving paper files impact customer service, hamper timely decision making, stall your processes or lengthen time-to-revenue?
- How many clerical and data entry positions could be re-allocated to other activities?
- Do you ever hire temps to handle seasonal spikes in paper processing?

Drive Corporate Sustainability Efforts

An increasing number of organizations are implementing paper reduction initiatives as part of a larger corporate sustainability strategy.

The same is true in government. For example, in accordance with the General Services Administration's goal for a zero environmental footprint, GSA pledged to reduce the amount of paper used during the contracting process. As a result, it is mandatory for more than 19,000 of their vendors to use e-signatures.

Banks are also strong adopters of e-signatures, with one executive confirming that, “eSignature is a great example of simpler, faster, better in action. It delivers a win-win-win: Our clients receive a better and more eco-friendly experience, it's easier for our employees to sell and fulfill on investments and our shareholders benefit because we're reducing the overall cost of delivering investments.”

TIP

Consider the potential benefits of reducing paper consumption:

- How many trees can you save by “sending for e-sign” instead of printing?
- By how much can you reduce your carbon footprint, just by eliminating the shipping and transportation of documents?
- What are the electricity costs of your printing and copying equipment?

- Signature Mortgage has found that “Our customers love e-sign technology so much that we are getting unsolicited emails saying how they had the best mortgage application experience and that they are going to recommend Signature Mortgage to their family and friends.”

TIP

Do you measure customer satisfaction? How will an increase in customer satisfaction impact your customer retention, recommendations and referrals?

Deliver a Better Customer Experience

Customer expectations are changing. People want everything to be available quickly, at their convenience, in their preferred channel and on their preferred device. Companies that deliver a fast, efficient experience are rewarded with higher customer satisfaction ratings and NPS scores. Creating easy, hassle-free digital experiences is key.

According to Anne C. Doligale of Signature Bank, “Now we are getting back documents more quickly and accurately and with much less effort on the part of our customer.”

Other examples include:

- One insurance carrier experienced 14 percent higher retention rates with customers who e-signed their new business insurance policy.
- A few years ago, a luxury captive auto finance company implemented e-signatures to automate the retail installment contract at their dealerships. Because there is no longer any manual processing (opening envelopes, re-keying data, etc.), dealers get same-day funding and dealer satisfaction has since risen more than 50 percent.

Conclusion

Organizations of all sizes and from all industries are adopting electronic signatures. But without a detailed ROI case, e-signature project teams can end up underestimating the value or may have difficulty defending the priority that should be given to the project.

E-Signatures are no longer new and as this white paper shows, there are plenty of metrics and benchmarks upon which to estimate the return on investment.

To get started, download the [ROI calculator tool](#). Save time by leveraging the same tool we use in our own ROI consulting engagements. With this in hand, you'll be equipped to build a strong business case and prove the value of eSignatures to your organization.

For more information, contact a OneSpan representative at sign.sales@OneSpan.com.



OneSpan enables financial institutions and other organizations to succeed by making bold advances in their digital transformation. We do this by establishing trust in people's identities, the devices they use, and the transactions that shape their lives. We believe that this is the foundation of enhanced business enablement and growth. More than 10,000 customers, including over half of the top 100 global banks, rely on OneSpan solutions to protect their most important relationships and business processes. From digital onboarding to fraud mitigation to workflow management, OneSpan's unified, open platform reduces costs, accelerates customer acquisition, and increases customer satisfaction.

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