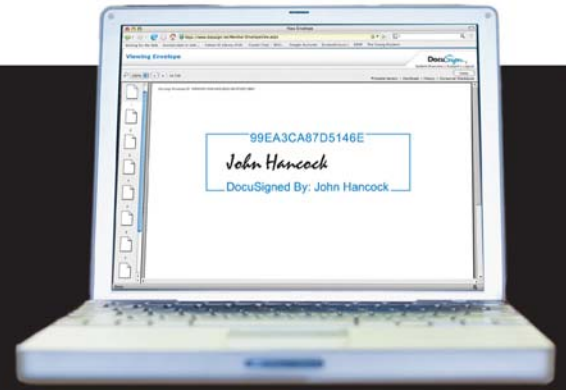


## Electronic Signatures Explained



Better than ink. Faster than fax

*Transform*

### Why we sign documents?



A signature on a document is an indication of a party's intent to attest to or be bound by its content.

In the vast majority of cases, the primary reason for using signatures on a contract is to memorialize the act of agreement in order to clarify the terms of the arrangement at the beginning of the relationship and, if necessary, to establish a legal basis for enforcement of its terms in the event of a dispute or a party's default. In many other cases, a signed writing is legally required for a document to be enforceable. The traditional handwritten signature has been the standard method of "signing" writings for hundreds of years..

### What is a signature?

**"That's not my signature!"** Resistance to signing documents by other than handwritten means is common, and this reluctance is based mostly on tradition rather than legal principles. Most people know from experience that a handwritten signature need not resemble the letters of the signer's printed name. But many don't know that a signature doesn't have to be anything more than an identifiable mark, and that an electronic signature doesn't have to be visible at all.

### Are Electronic Signatures legal?

**Yes, electronic signatures are legal.** It is settled law that electronic formation of contracts is possible and that electronic manifestations of intent are sufficient to create binding, enforceable common law contracts. [ref. 20 cases upholding email name, email header and "I Agree" as sufficient evidence of intent to be bound]

Any doubt about the enforceability of electronic signatures in the United States was erased in 2000 when the Electronic Signatures in Global and National Commerce Act (E-SIGN) became the law of the land. E-SIGN clearly established that the use of electronic means to create and sign documents would not jeopardize their validity or enforceability at law. An electronic signature doesn't even have to resemble what would commonly be recognized as a signature; it can be any "sound, symbol or process" adopted with the intent to sign a document. Simply put, E-SIGN clarifies that we can continue to enter contracts the way we always have for hundreds of years, using the signing tools available in the 21st century.

The fact of the matter is that if two or more parties wish to conduct their business electronically, they may do so without fear that the use of electronic means will somehow weaken their ability to enforce their agreement.

### Better than pen and paper?



**Paper documents are subject to scrutiny for the possibility that they have been modified or tampered with.**

However, using an electronic contract process, when controls such as encryption and logging are in place to track alterations and to prevent unauthorized access, the cost and sophistication required to modify an electronically signed document is dramatically higher than to modify a paper document.

## A word about the Software as a Service (SaaS) model

The SaaS model provides an additional dimension because it is a system rather than a method. That is, demonstrably consistent use of an electronic signing system over time, with consistently valid results, allows the user to rely on the process to maintain document integrity. In court, this means that a finder of fact really only needs to ask to conclude that the system probably worked the way it was designed to, and not determine whether or how the individual outcome was manipulated by either or both of the parties. In a company, this means that a test of internal controls, such as a SOX 404 analysis, can come to rely on the system used to create and store documents, rather than have to test the process itself. In both of these cases, the time and cost savings can be enormous.

## SOX compliance (business process integrity).

Closed record-keeping systems that are operated outside of the control and influence of the subject entity provide independent auditors with increased levels of confidence in reliability of the records. This helps in the establishment and testing of internal controls.

## Improving the contracting process



All companies must enter into contracts, whether they come in the form of NDA, purchase order, license agreement, lease, subscription, or myriad others.

In the manual signature world, most contracts are signed in two separate locations, which requires creation of the final version of the contract at one locale (usually the vendor), mailing 2 or more originals to the other locale (the customer), getting the customer to sign both originals, fax a copy to the vendor, then mail both originals back to the vendor locale, having the vendor sign (execute) both originals, and finally mailing one executed original back to the customer. In most businesses, this process breaks down somewhere after the signed copy is faxed. Companies will have varying methods and procedures in place for filing and managing contracts, and normally the level of sophistication will be directly proportional to the size of the company. But for each deal that loosely follows this process, the vendor is left with various versions of signed documents, in different forms and in different stages of execution, and the customer is sometimes left with no evidence of the agreement at all. This presents problems not only for the parties when attending to their obligations under the contract, but also for internal and external finance and operations functions that need evidence of the agreement to account for revenue, analyze risk, etc.

The DocuSign signature system can dramatically improve visibility into and management of the business-to-business contracting process. A deal can be consummated faster than with a fax machine (giving the vendor what he wants), but only after the vendor signs his part of the contract (giving the customer a complete record), resulting in a single, auditable and verifiable original that is easily retrievable for auditing and other contract-related activities.

**"Eliminates the mass-mailing costs... Accuracy is now 100 percent... It takes the time from a month to a day."**

*Brian Jemelian  
Senior Vice President of Finance  
Yamaha Corporation of America*

**"When we started using DocuSign, our contract return rate improved from 35 – 40% to 75 – 80%."**

*Paul Boyd  
Executive Vice President  
EFA Processing*

**"DocuSign is an on-demand business process improvement solution, we've realized immediate costs savings. With DocuSign we've saved approximately 80% in overnight and express shipments."**

*Ric Kimbell  
VP and GM of Everest University Online*

### About DocuSign Inc.

DocuSign is the DocuSign Inc., the #1 provider of on-demand software services for electronic signature and online contract execution, empowering individuals, small business and global enterprises to operate faster, more efficiently and profitably with enhanced security and compliance. To date, more than 25 million signature events have been executed using DocuSign.

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Audit trail		✓	✓
3rd party verification/witness			✓
FRE: chain of custody			✓
SOX: testable internal control			✓
UETA Transferable Records			✓
RedHat Linux			✓
Contract process management		✓	✓