

E-SIGNATURES: THE OPPORTUNITY FOR SMALL AND MEDIUM-SIZED BUSINESSES



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LONDON RESEARCH

ABOUT LONDON RESEARCH

London Research, set up by former Econsultancy research director Linus Gregoriadis, is focused on producing research-based content for B2B audiences. As part of Communitize Ltd, we work closely with our sister companies Digital Doughnut (a global community of more than 1.5 million marketers) and Demand Exchange (a lead generation platform), both to syndicate our research and generate high-quality leads.

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Executive summary

Electronic signatures have made as large an impact on the world of small and medium-sized businesses (SMBs) as they have on the rest of the business community. This London Research survey for Adobe shows that 62% of SMBs are already using e-signatures in some part of their business, for use cases such as invoices, sales contracts, legal agreements and new customer forms.

However, this adoption of e-signatures is relatively recent; almost two-thirds (62%) of SMBs introduced them within the last two years, and more than four-fifths (84%) within the last five. Adoption also correlates strongly with company size; the larger the company, the more likely it is to have adopted e-signatures, and to have been using them for longer.

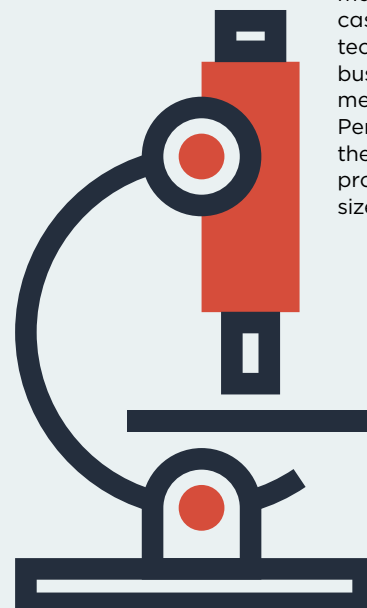
The uptake of e-signatures by SMBs is being driven by both strategic and tactical factors. Over three-quarters (77%) of companies surveyed are moving from paper-based to electronic processes as part of their digital transformation. At the same time, a similar percentage (69%) see paper-based processes as a barrier to greater business efficiencies.

But the research also shows that many SMBs – particularly the smallest companies – are still missing out on the benefits of e-signatures which include reduced costs and increased efficiencies. Fewer than half (44%) of SMBs with fewer than 10 employees have implemented the technology, compared to almost three-quarters (71%) of those with more than 10. Furthermore, for most SMBs the digitisation of their signing processes is still incomplete. Three-quarters of respondents still have some documents that are signed in wet ink.

Other key findings from the research include:

- Cost saving (37%) is seen as the most popular benefit of e-signatures among medium-sized businesses (100-5,000 employees). This was followed by increased productivity and efficiency (35%) and improved customer experience (31%).
- For small businesses (10-99 employees), quicker finalising of contracts came top (39%), then increased productivity (38%) and cost savings (36%).
- Micro-businesses (those with fewer than 10 employees) also rated quicker finalising of contracts and increased productivity as the top benefits (38% and 35%, respectively), followed by improved customer experience (31%).
- Finance, sales and customer service are the functions most commonly using e-signatures, around two-thirds of responding companies for each function. HR, procurement and compliance departments use e-signatures in just over half the businesses surveyed.
- B2B companies are slightly more likely to employ e-signatures than their B2C counterparts for most functions, and are significantly more likely to use them in procurement and HR.
- SMBs with more than 10 employees were much more likely to report challenges with the introduction of e-signatures than were their smaller peers. The most common occurred around

making the business case, integrating the technology with other business systems, and measuring effectiveness. Persuading people to use the technology was a problem for a third of all sizes of SMBs equally.



METHODOLOGY

The London Research/Adobe E-signatures: The Opportunity for Small and Medium-Sized Businesses report is based on a survey of almost 400 organisations with fewer than 5,000 employees. The survey was promoted by London Research and its sister company Digital Doughnut, and also by a third-party research panel provider.

Respondents worked for both B2B and B2C organisations across a range of industries, including technology, professional services, retail and financial services. Respondents were based in Europe, Middle East and Africa (EMEA).

For the purposes of this research, survey respondents were classified into three groups according to their size: 'micro-businesses' (fewer than 10 employees), small businesses (10-99 employees) and medium-sized businesses (100-5,000 employees).

1

Introduction: what are electronic signatures?

How many documents are signed within your business every day? Sales contracts, invoices, purchase orders, order changes, service agreements, employee contracts – the list goes on. But the more important question is *how* those documents are signed – with wet ink or electronically?

An electronic signature is simply a way of indicating agreement with, or approval of, a document electronically, rather than by physically signing it. Their use has taken off across Europe since 2016, when most of the provisions of the EU's regulation covering e-signatures (known as eIDAS) came into force.

Once legislators had ruled that an electronic signature could have the same legal value as one signed with pen and ink, the most obvious reason for the technology's adoption by businesses was increased speed. Instead of sending out paper

documents to be signed and waiting for them to be returned, companies could transfer the process online. This reduced turnaround times from days and weeks to hours, improving efficiency as well as cutting costs.

But there are other advantages too. Reducing the wait between *agreeing* to do something and it *actually happening* benefits both parties, so electronic signatures can improve a company's relationship with its customers. And that means increased business success. Adobe research shows that companies leading in the delivery of high-quality customer experiences are three times more likely to exceed their business goals than others¹. In addition, switching to electronic signatures has been shown to improve how a company is perceived by customers and potential employees^{2,3}.



¹ Econsultancy/Adobe Digital Trends 2020 report

² Adobe Hitachi Solutions Case Study

³ Adobe Telefonica Case Study



Wet signatures are one of the last analogue links in the otherwise digital chain of experiences that takes someone from prospect to loyal customer.

In fact, a previous survey⁴ carried out by London Research for Adobe found that the benefits of e-signatures most highly rated by businesses were better experience and reduced friction for customers, improved mobile productivity, and improved internal efficiencies and collaboration (all chosen by two-thirds of respondents). Better experiences and reduced friction for partners and employees scored only a few percentage points lower.

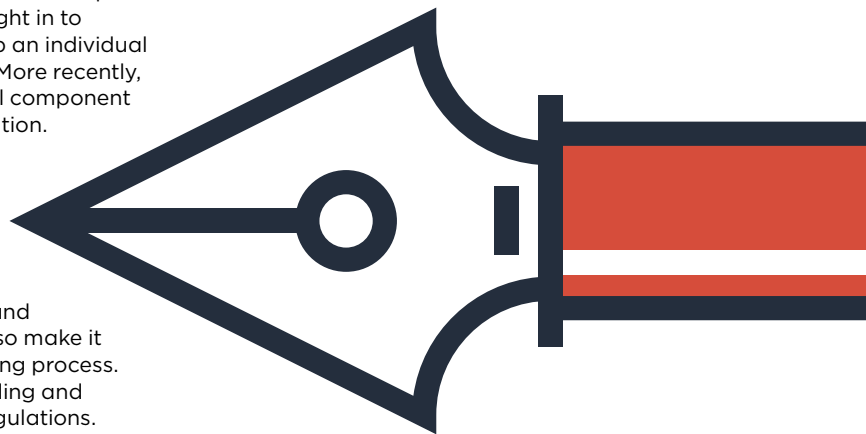
The last analogue link in an otherwise digital chain

In the past, e-signatures have tended to be adopted as a point solution. They've been brought in to resolve a particular problem, or to help an individual department function more efficiently. More recently, they have come to be seen as a crucial component of an organisation's digital transformation.

Wet signatures are one of the last analogue links in the otherwise digital chain of experiences that takes someone from prospect to loyal customer. Electronic signatures not only improve process efficiencies and enhance customer experience; they also make it possible to track and analyse the signing process. That, in turn, means better understanding and insight, and easier compliance with regulations.

That was certainly clear from the results of the previously mentioned London Research/Adobe E-Signatures 2020: Use Cases and Opportunities survey. Over four-fifths (86%) of respondents either 'strongly' or 'somewhat' agreed that electronic signature technology is a key part of their company's digital transformation strategy.

This report discusses the findings of a further London Research/Adobe survey, looking exclusively at electronic signatures and the SMB sector (defined as companies with fewer than 5,000 employees). It looks at how widespread the use of electronic signatures is among such businesses, what they are being used for, the benefits SMBs see in using them and the challenges faced in their adoption. The report also analyses the survey responses by company size: micro-businesses (fewer than 10 employees), small businesses (10-99 employees) and medium-sized businesses (100-5,000 employees).



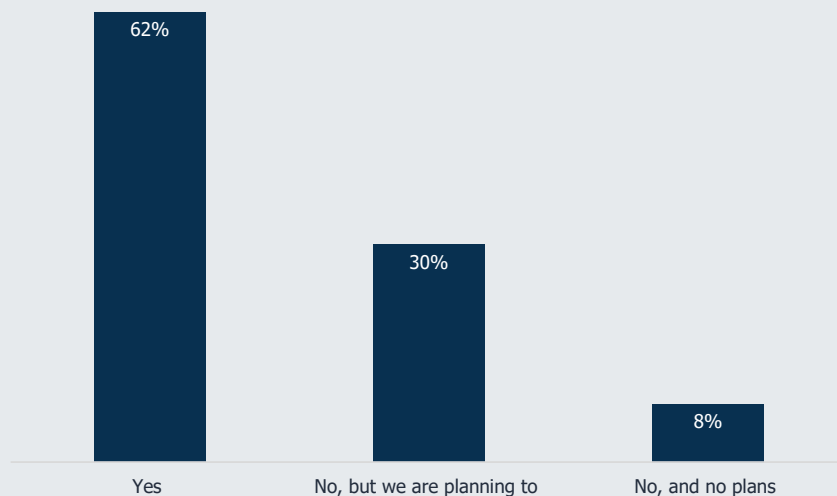
2

Adoption of e-signatures among SMBs

This survey found that e-signatures have been widely accepted by SMBs. Almost two-thirds of respondents (62%) are already using the technology for some aspect of their business. Most of those not using the technology plan to do so in the future, leaving just 8% not using e-signatures and not planning to (*Figure 1*). This matches the 61% of large organisations (those with annual revenues of more than £50m) that told the previous London Research/Adobe survey that they made some use of e-signatures⁵.



FIGURE 1
Does your organisation use electronic signature technology for any aspect of its business?

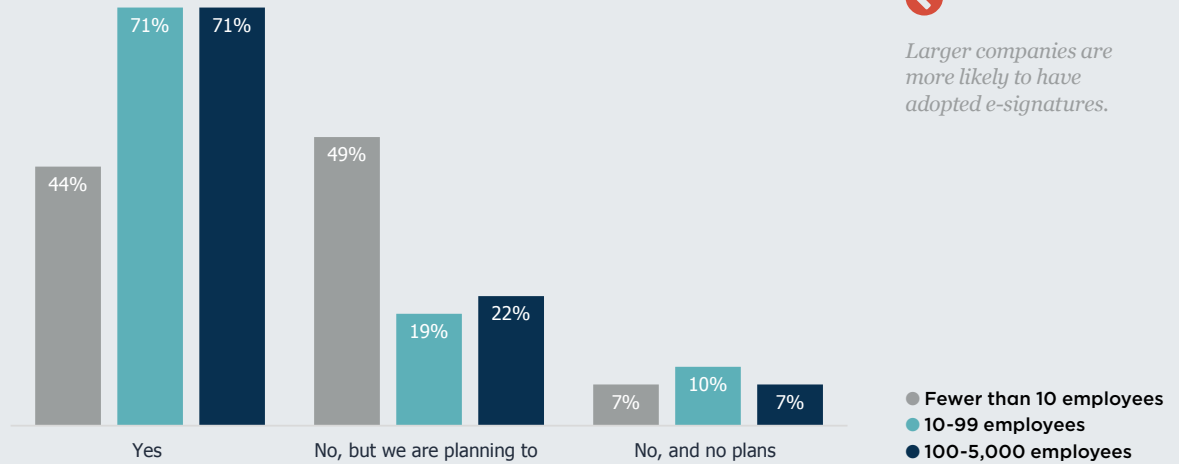


Almost two-thirds of companies (62%) are already using the technology for some aspect of their business.

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FIGURE 2
Does your organisation use electronic signature technology for any aspect of its business?
(By company size)

n=364



Larger companies are more likely to have adopted e-signatures.

Breaking the SMB figures down further, our new research shows that the larger the company, the more likely it is to have already adopted e-signatures. Almost three-quarters (71%) of SMBs with 10 or more employees have e-signatures in place, compared to less than half (44%) of those with fewer than 10 (Figure 2).

This adoption is relatively recent, however. Figure 3 shows that almost two-thirds of SMB respondents (62%) have started using electronic signatures within the last two years, and more than four-fifths (84%) within the last five years. Once again, the larger companies surveyed are more likely to have adopted e-signatures earlier than the smaller ones (Figure 4).

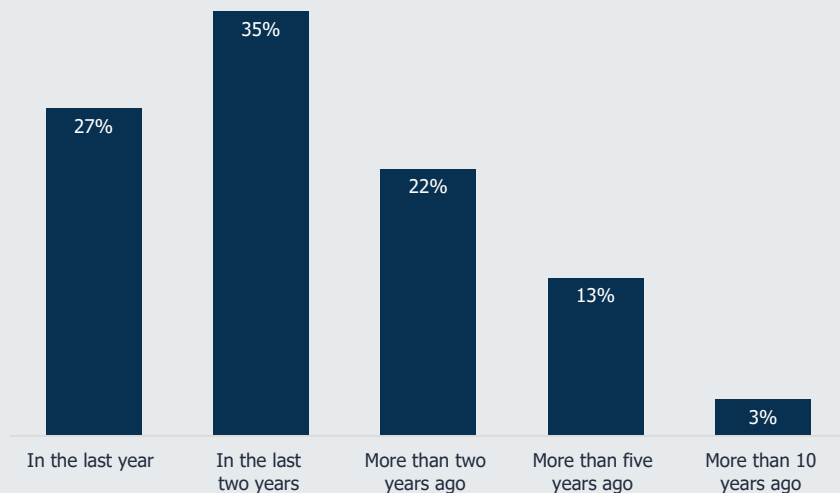
E-signature adoption in context

Figure 5 shows why SMBs are adopting e-signatures, and how far advanced that adoption process is.

SMBs of all sizes recognise the need to digitise their signing processes. Almost two-thirds (64%) of micro-businesses agree that paper-based processes are a barrier to greater business efficiencies, and four-fifths (80%) see the benefits of collecting signatures with online forms. This compares to three-quarters of small companies that regard paper as a barrier (74%), and see the benefits of e-signatures on online forms (75%). Among medium-sized companies, 70% see paper as a barrier and 79% see the benefits of e-signatures with online forms.

FIGURE 3
When did your organisation start using electronic signatures?

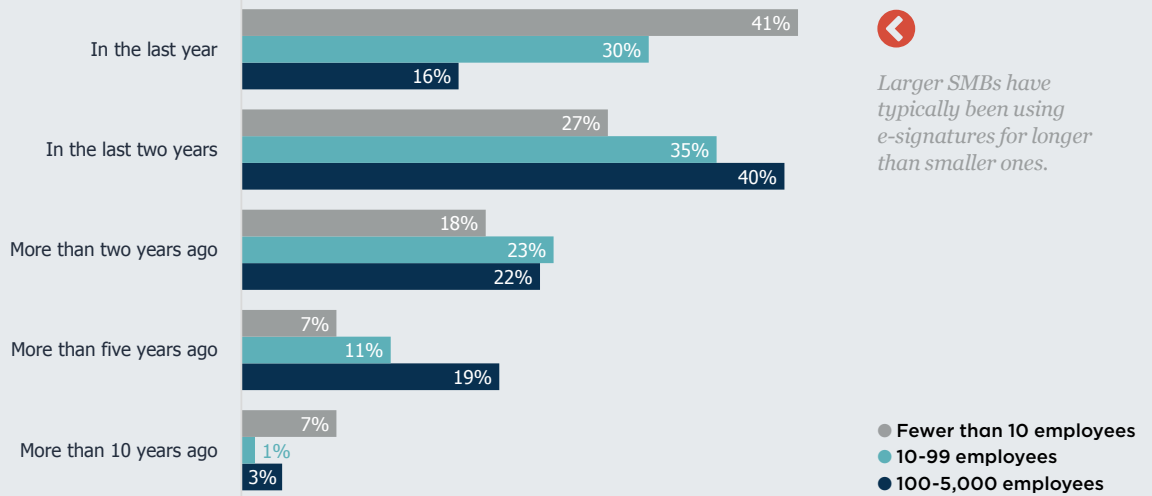
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Almost two-thirds (62%) of SMBs have started using electronic signatures within the last two years.

FIGURE 4
When did your organisation start using electronic signatures?
(By company size)

n=364



Larger SMBs have typically been using e-signatures for longer than smaller ones.

The three groups also agree on the strategic importance of electronic signatures. Almost three-quarters of medium-sized companies (72%) agree that e-signatures form part of their digital transformation strategy, compared to two-thirds of both small (67%) and micro-businesses (68%).

Making progress

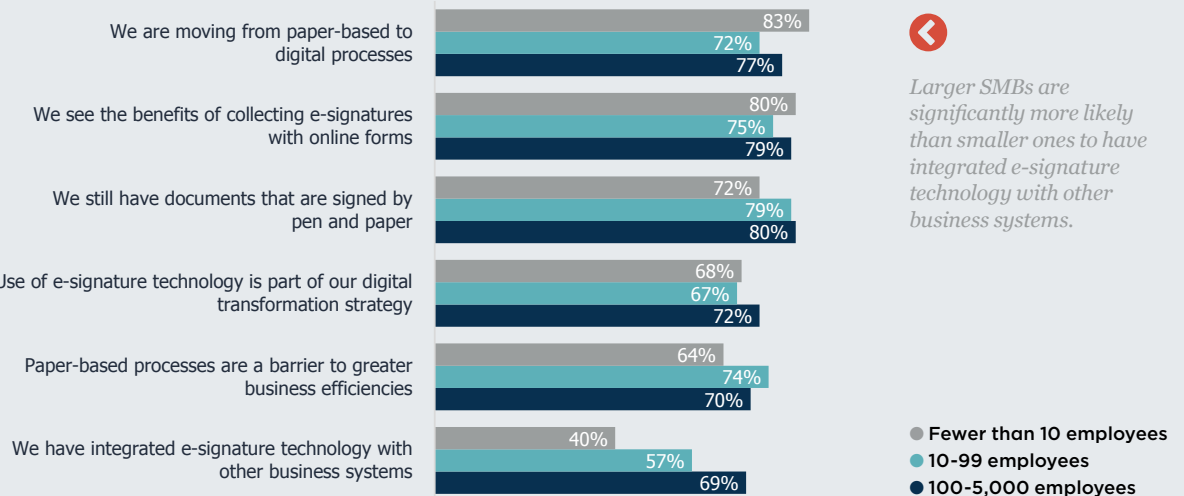
All sizes of SMBs also show similar progress in digitisation of their signing processes. Three-quarters (77%) of the medium-sized companies surveyed agreed they were moving from paper-based processes to digital ones, as did only slightly fewer small companies (72%), and slightly more micro-businesses (83%). Looked at the other way, four-fifths (80%) of medium-sized companies still

have some documents signed with wet ink, as do the same proportion of small firms (79%) and slightly fewer micro-businesses (72%).

The biggest influence of company size is seen in how well companies have integrated electronic signatures with other business systems. More than two-thirds of the medium-sized companies surveyed (69%) agreed they have integrated their e-signature technology. That figure falls to 57% of small businesses, and drops further to 40% of micro-businesses.

FIGURE 5
Proportion of respondents agreeing with statements relating to their company.
(By company size)

n=364



Larger SMBs are significantly more likely than smaller ones to have integrated e-signature technology with other business systems.

3

Use cases and opportunities

Two-thirds of the SMBs surveyed by London Research are using electronic signatures, but what are they using them for? *Figure 6* shows that finance, sales and customer service are the functions most commonly using e-signatures, around two-thirds of respondents for each department. HR, procurement and compliance use e-signatures in just over half the businesses surveyed. HR is also the function where most respondents would like to introduce the technology.

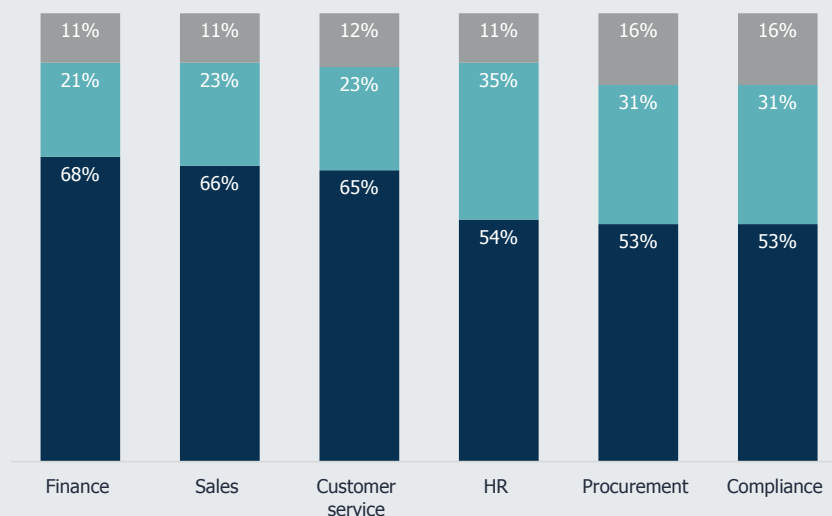
Breaking that down (*Figure 7*), the survey shows similar levels of adoption by sales and customer service functions regardless of company size. Finance departments in medium-sized companies are more likely to use e-signatures than their small and micro-business counterparts (75%, compared to 64% and 60%). However, the most striking differences are in the next group of functions. Only 43% of

micro-businesses use e-signatures for compliance, compared to half of small (51%) and three-fifths (59%) of medium-sized firms.

Similarly, only a third of the micro-businesses surveyed (32%) use e-signatures in HR, compared to over half the small companies (55%) and almost two-thirds of medium-sized ones (64%). Procurement is the function where micro-businesses lag furthest behind their larger peers, with only just over a quarter (28%) using e-signatures, compared to 59% of small firms and 58% of medium-sized ones.

It should be noted that micro-businesses especially may not even recognise some of these areas as functions within their business.

FIGURE 6
Proportion of respondents using electronic signatures for different functions within their business.



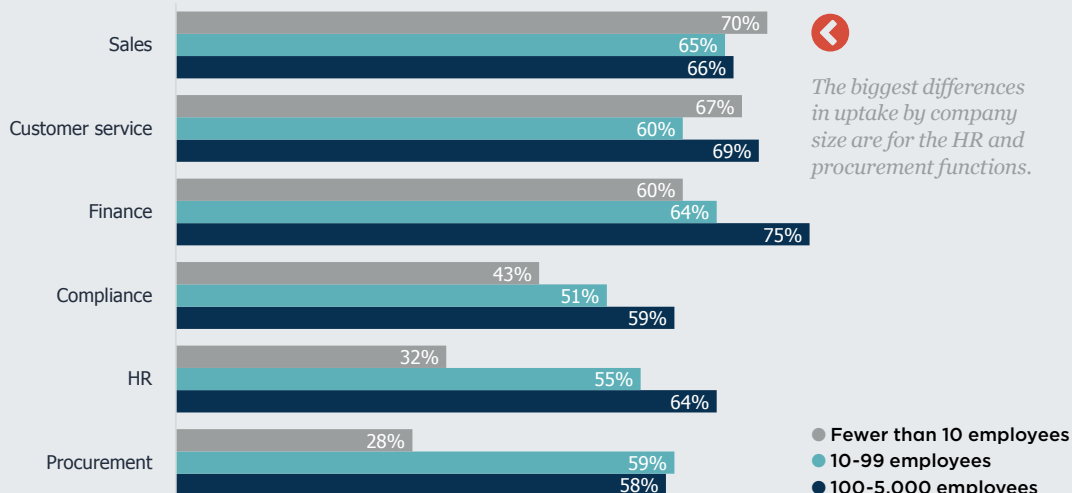
Finance, sales and customer service are the functions within SMBs most commonly using e-signatures.

- Using
- Would like to use
- No plans

n=364

FIGURE 7
Proportion of respondents using electronic signatures for different functions within their business.
(By company size)

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Where did e-signatures arrive first?

Combining these figures with the maturity data from Figure 4 shows which functions have typically been the first to adopt e-signatures (Table 1). Perhaps surprisingly, early adopters (those that began using e-signatures more than five years ago) were slightly more likely to have introduced them into their HR or procurement functions (21% each compared to 19% for finance and 18% for sales).

Between two and five years ago, SMBs were slightly more likely to digitise their customer service departments' signing procedures than others' (26% compared to 22% for sales, and 23% for compliance and finance). In the 'big bang' of SMB e-signature adoption one to two years ago, finance departments

were most likely to begin using e-signatures (38%), followed by HR (37%), then sales (33%) and compliance (also 33%). Most recently, customer service (29%), procurement (27%) and sales (27%) have been the biggest adopters, followed by compliance (26%).

So despite emphasising the strategic importance of e-signature technology, the survey suggests SMBs have followed the pattern of bigger businesses in adopting e-signatures department by department, rather than introducing them across the entire company in one go. They've just done it to a shorter timescale.

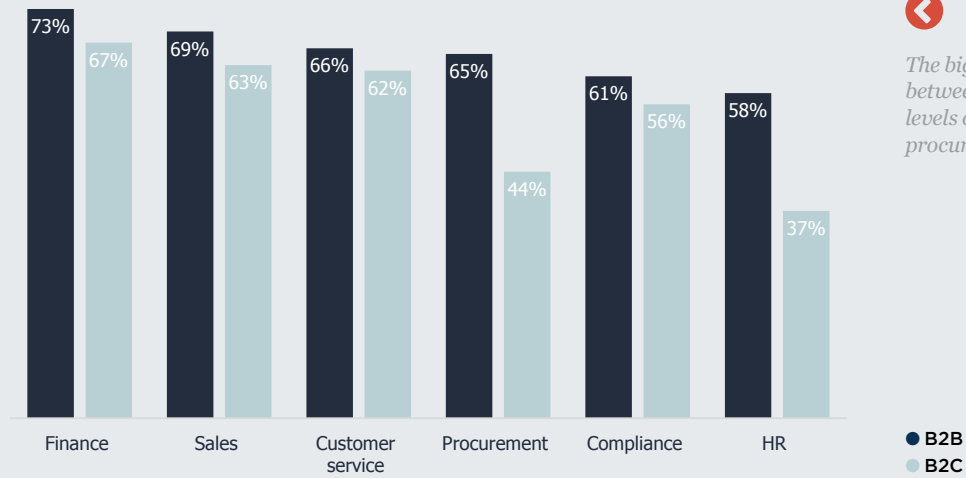
TABLE 1
When did your organisation start using electronic signatures in the following business functions?

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	In the last year	In the last two years	More than two years ago	More than five years ago	More than 10 years ago
Compliance	26%	33%	23%	15%	3%
Customer service	29%	29%	26%	12%	4%
Finance	20%	38%	23%	14%	5%
HR	22%	37%	20%	17%	4%
Procurement	27%	30%	22%	17%	4%
Sales	27%	33%	22%	14%	4%

FIGURE 8
Proportion of respondents using electronic signatures for different functions within their business. (By business focus)

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The biggest differences between B2B and B2C in levels of adoption are for procurement and HR.

B2B vs. B2C

There are also noticeable differences in how widely B2B and B2C companies use electronic signatures (Figure 8). B2B companies are only around five percentage points more likely to be using the technology in the three most popular functions (finance, sales and customer service), and in compliance. But they are much more likely to have adopted e-signatures in procurement (65% vs. 44%) and HR (58% vs. 37%).

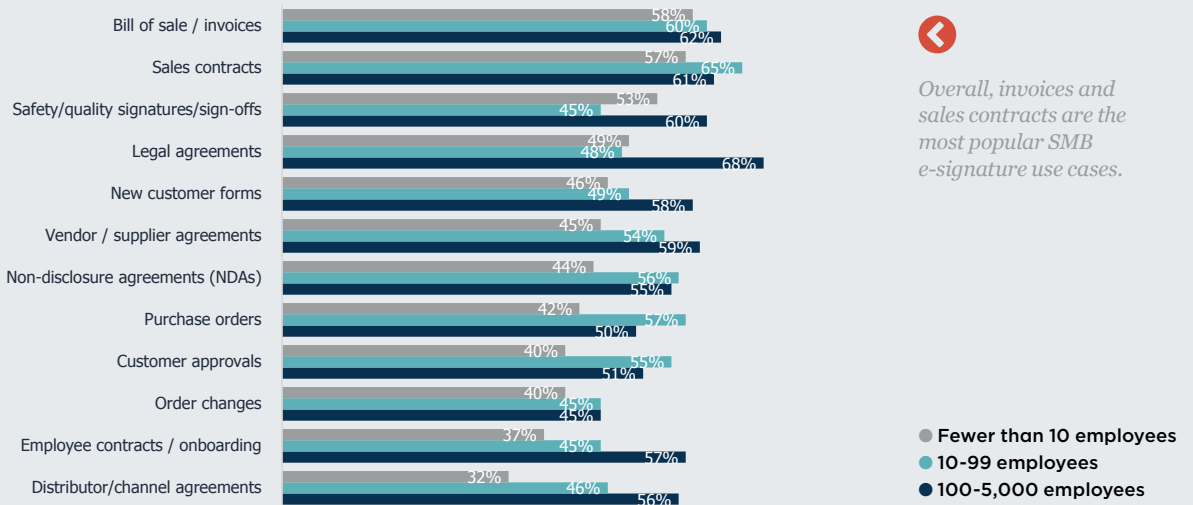
Sales contracts and invoices dominate

Figure 9 shows how companies of different sizes are using e-signature technology for different use cases. There is noticeable correlation between the most digitised of these and the business functions making most use of e-signatures.

Averaged out, the most popular uses cases for the technology are sales contracts (used by 62% of respondents) and invoices (used by 60%), followed by legal agreements (56%). What is more significant is the disparity between how larger and smaller organisations are employing e-signatures in the use cases further down the list.

FIGURE 9
Is your company using electronic signatures for any of the following use cases? (By company size)

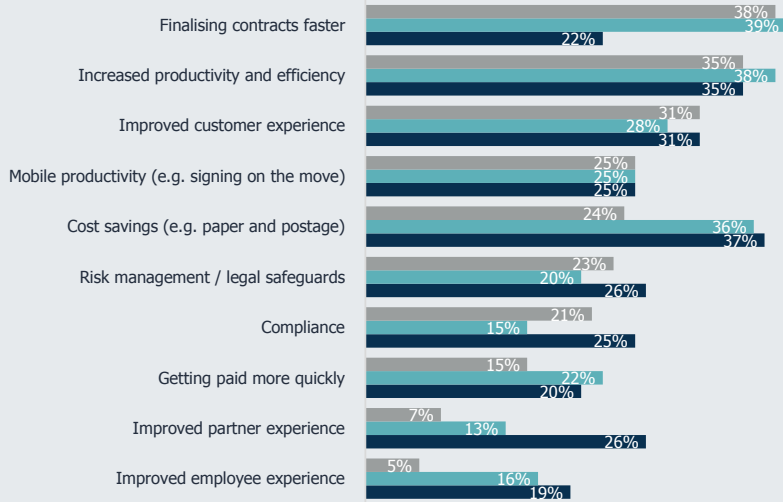
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Overall, invoices and sales contracts are the most popular SMB e-signature use cases.

FIGURE 10
What do you regard as the main benefits of electronic signature technology?
(By company size)

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Medium-sized companies (with between 100 and 5,000 employees) see cost savings as the main benefit of e-signatures.

- Fewer than 10 employees
- 10-99 employees
- 100-5,000 employees

The research clearly shows the correlation between company size and more widespread usage of e-signatures. Medium-sized businesses are the most likely to be employing e-signatures in every use case except sales contracts, non-disclosure agreements, purchase orders and customer approvals, where they lag behind small businesses. Small and medium-sized businesses are equally likely to be using e-signatures for order changes. The use cases where the gaps in adoption between larger and smaller businesses are most significant are legal agreements, employee contracts/onboarding and distributor/channel agreements.

Benefit calculations

There are equally striking differences between what different-sized SMBs see as the main benefits of electronic signatures (Figure 10). There is common ground around increased productivity

and efficiency (cited by between 35% and 38% of respondents), improved customer experience (28% to 31%) and mobile productivity (25%). For medium-size companies, however, the other big benefit is cost savings (37%). A similar percentage of small businesses take the same view (36%), but they also give far more weight to finalising contracts faster (39%) than their larger peers (only 22%).

The smallest companies in the survey are significantly less impressed with cost savings as a benefit (24%), but share small businesses' enthusiasm for e-signatures' ability to help finalise contracts more quickly (38%). This perhaps reflects micro-businesses' greater sensitivity to cash flow issues, although they are also somewhat less likely to feel electronic signatures help them get paid more quickly (15%) than small and medium-sized companies do (22% and 20%, respectively).

Down at the bottom of the chart, medium-sized companies believe e-signatures help them offer a better experience to partners (26%) and employees (19%). This view is definitely not shared by their smaller counterparts. Only 13% of small companies, and 7% of micro-businesses, see better partner experiences as a benefit, and only 5% of the latter group rate improved employee experience as a benefit.



4

Challenges in adopting electronic signatures

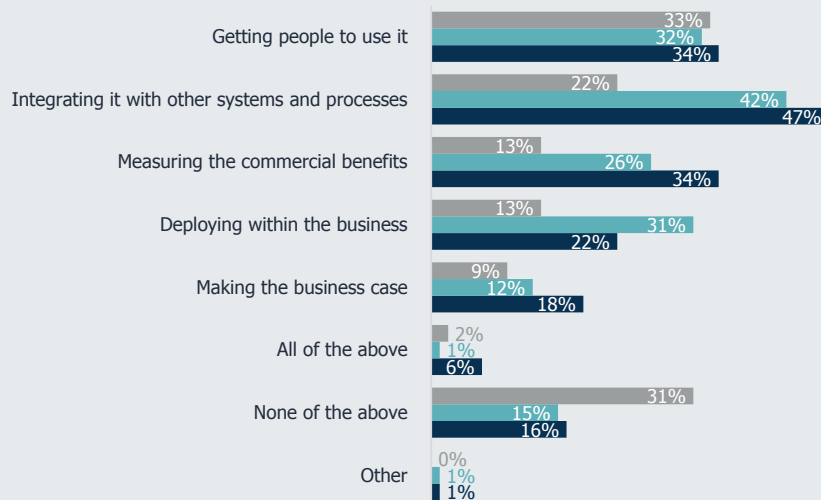
The last section showed that medium-sized businesses are more likely to have adopted electronic signatures, and to be using them in a number of functions across the business. But when asked what challenges businesses faced in adopting e-signatures, a very different picture emerges (Figure 11).

Medium-sized companies are much more likely to report challenges in introducing e-signatures than their smaller counterparts were. Meanwhile micro-businesses surveyed were twice as likely to say they'd encountered none of the challenges listed than were their larger peers (31% compared to 16%). However, it's worth noting that even the most significant challenges were only an issue for a minority of the SMBs surveyed.

Getting people to use electronic signatures was a common problem, faced by a third of all SMBs in the survey. By far the biggest challenge for the small and medium-sized companies was integrating the technology with their other systems and processes (cited by 42% and 47% respectively).

Although medium-sized companies were twice as likely to have struggled to make the business case for e-signatures than were micro-businesses (18% vs. 9%), this was still only an issue for less than a fifth of respondents. More significantly, a third of medium-sized companies (34%) reported difficulties measuring the commercial benefits of e-signatures, nearly three times as many as micro-businesses (34% vs. 13%).

FIGURE 11
What challenges has your business faced when trying to introduce electronic signature technology?
(By company size)



Medium-sized businesses were nearly three times as likely as micro-businesses to report challenges around measuring the commercial benefits.

- Fewer than 10 employees
- 10-99 employees
- 100-5,000 employees

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More than two-thirds (69%) of the largest SMBs either strongly agreed or somewhat agreed that they had integrated e-signature technology with other business systems, compared to just two-fifths (40%) of the smallest ones.

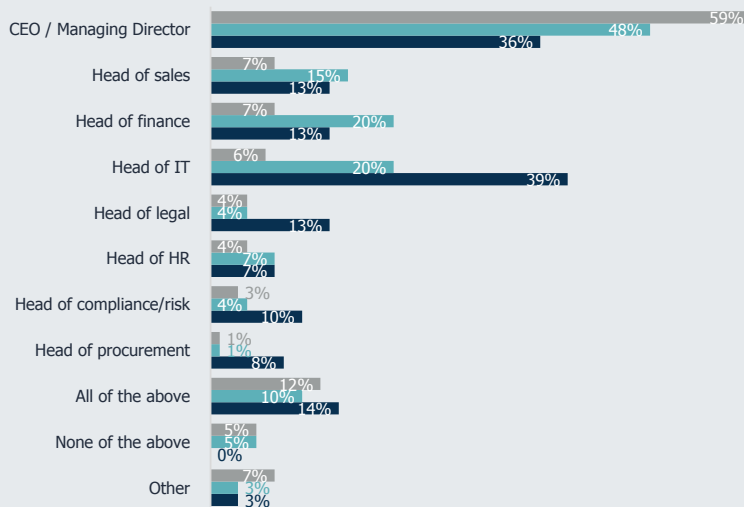
The disparity around integration may be explained by the results shown in *Figure 5*. More than two-thirds (69%) of the largest SMBs either strongly agreed or somewhat agreed that they had integrated e-signature technology with other business systems, compared to just two-fifths (40%) of the smallest ones. If you haven't integrated the technology, integration can't have been a challenge.

It's also likely that the simple reporting within a micro-business makes the commercial benefits of process improvement much easier to identify than they might be in a larger, more complex organisation. Similarly, in the majority of micro-businesses, adoption of e-signatures is driven by the CEO or MD, so making the business case to win funding for the technology will be less important

than if you have to convince the board or executive committee (*Figure 12*).

In fact, the CEO/MD is the most likely person to be responsible for decisions around electronic signatures in small and micro-businesses (48% and 59%, respectively). In medium-sized companies, the head of IT is slightly more likely to be the decision-maker (39%) than the CEO/MD (36%). This most likely reflects the fact that micro-businesses in particular only have one or two senior managers who are in charge of everything.

FIGURE 12
Who within your organisation is responsible for decisions related to electronic signatures?
(By company size)



The CEO or MD is the person most likely to be responsible for decisions around electronic signatures in small companies and micro-businesses.

- Fewer than 10 employees
- 10-99 employees
- 100-5,000 employees

n=364

Conclusion and recommendations

SMBs have been enthusiastic adopters of electronic signatures in recent years. Almost two-thirds of the organisations surveyed for this report are currently using the technology in some area of their operation. They see the practical benefits (reduced cost and increased efficiency) as well as the strategic importance (e-signatures' role in digital transformation). But as with larger businesses, very few SMBs have completed the digitisation of all their signing functions.

In addition, the findings suggest that, although most SMBs see e-signatures as part of their digital transformation strategy, they're introducing the technology step by step, rather than in one 'big bang'. That journey is also most likely to start in the sales or finance department.

However, the term SMB covers a lot of ground. While the report shows broad agreement among SMBs around the benefits of e-signature technology, it also reveals significant differences in the challenges they've faced in its adoption, and how it's deployed across their organisations.

Medium-sized businesses are more likely to have adopted e-signatures and to have adopted them earlier, to use them in more areas of the business, and to have integrated them with other business systems and processes. They are more likely to have a head of IT making the decisions around the technology, but they're also more likely to report problems with making the business case for its use, and with measuring its effect once it's in place.

Recommendations



Any plan to adopt or expand the use of e-signatures should recognise both the strategic and the localised benefits, and ensure measures are in place to evaluate both.



Businesses considering introducing e-signatures should pay particular attention to the human issues around their adoption.



A land-and-expand approach to adoption is more favoured than a 'big bang', but it depends on being able to demonstrate the business benefits at each step.

Get in touch

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