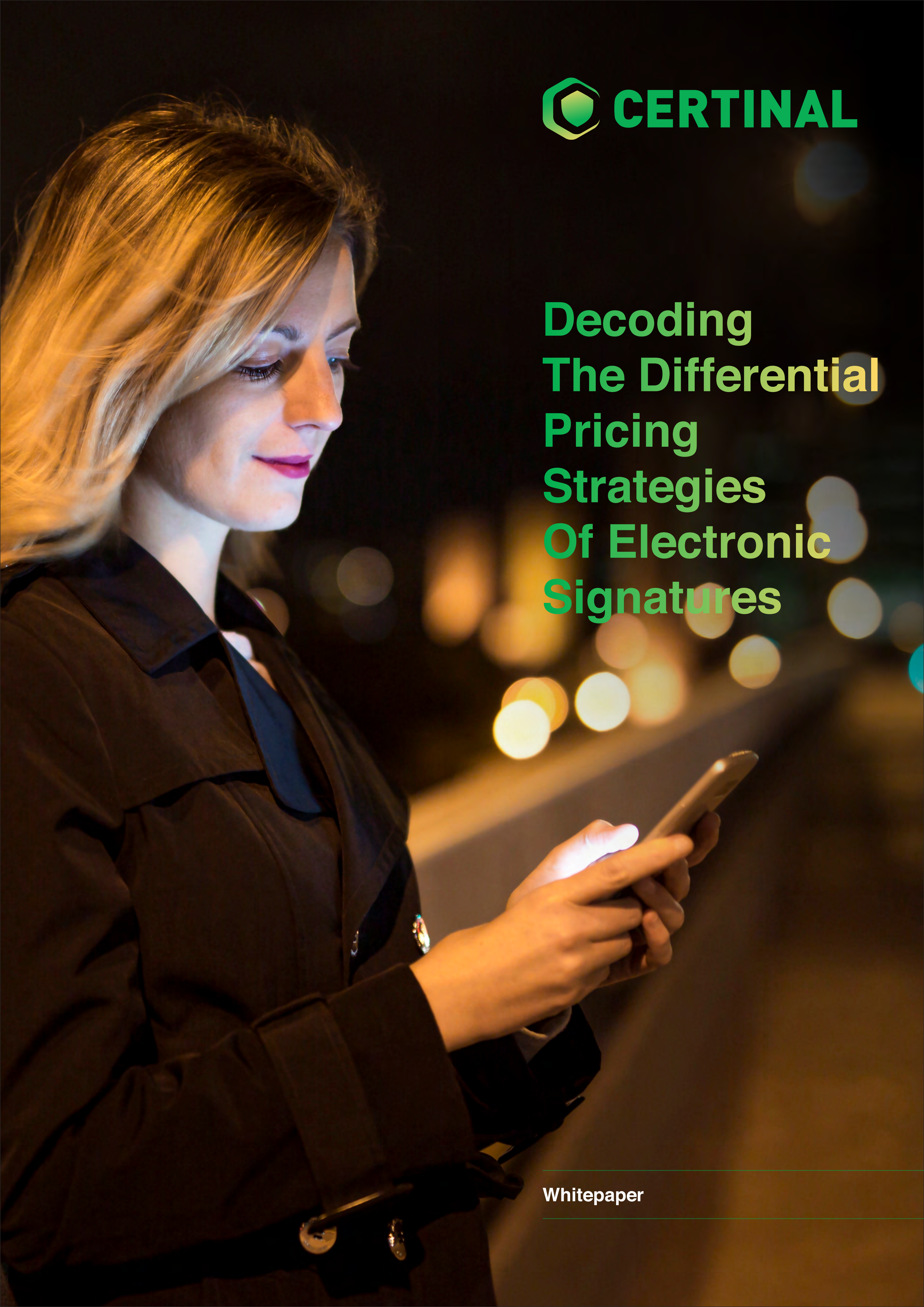

CERTINAL

Decoding The Differential Pricing Strategies Of Electronic Signatures

Whitepaper

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Overview

The application of electronic signatures has shot up in recent years. With the pandemic-induced quickening of digitization, businesses across sectors have leaped ahead by **3-4 years in the adoption** of digital for internal operations, and customer and supply chain interactions, according to McKinsey.

Going by the new digital behavior displayed by customers, businesses are likely to stay the course. Today, electronic signatures yield long-term benefits for both customers and users. As per Aberdeen, companies deploying electronic signature solutions close **17% more deals than non-adopters.**

The business value of electronic signatures is growing by the day. The market, too, has registered record growth and seen new incumbents making a beeline for customers. With up to **10X or higher price differential,** it is difficult to understand how the offerings stack up. More regulated and complex signing workflows in general parlance may mean added costs, though monopolistic vendors charge higher owing to their brand value and early mover advantage.

In this paper, we will examine the various digital signature pricing models and monopolistic pricing strategies adopted by leading market players.

Our guidance:
Customers should evaluate vendor pricing carefully, weighing the total outgo in the long-term, and not readily paying up higher for the brand name.

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1. Uncovering the process and differential pricing elements

Upon closer analysis, you may notice that the pricing of electronic signatures at the enterprise level varies greatly. The elasticity depends largely upon the number of signers, and documents. However, actual cases suggest that use-based pricing also takes into account business processes and other industry variables.

In most cases, you'll find tiered pricing for electronic signatures. Therefore, it is pertinent to investigate the pricing model before you sign up. To understand the pricing, you need to understand the underlying process of digital signing.

1.1 The process rationale

Primarily, the protocol depends on the initiation processes, how the electronic signature consumption takes place. The first originates at the point of the sender and the second from the system.

Sender-initiated process: When documents are manually created and placed for signing requests, it is termed as sender initiated. Manual requests for signing are mostly made by providing the link to the envelope through email notification to the recipient.

System-initiated process: Contrary to the above, the system-initiated process is entirely automated. The system generates the documents that require an electronic signature and notifies the recipients.

Sender-initiated process	System-initiated process
Manual	Automated
Mostly used by smaller organizations for one-off tasks like purchase orders and NDAs, among others.	Mostly used by large organizations for high-volume or repeat processes with stakeholders. Examples include HRMS and finance processes.
Pricing is usually lower. The user is required to login to access the services.	Price depends on the need and volume of the electronic signature. The solution is integrated with existing systems.

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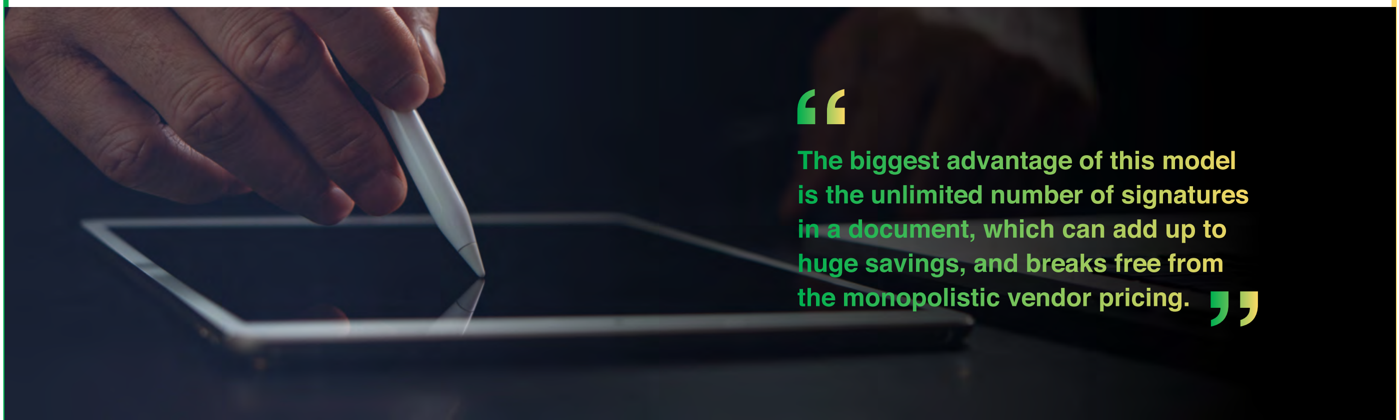
1.2 The differential pricing models

As we have stated in the previous section, electronic signature pricing structures have large variations. If you are assessing electronic signature vendors, it will be worthy to look beyond the bundle of features to truly understand the merits and demerits. The pricing models can be broadly categorized into:

1. **Per signature pricing:**
   The billing in this case will depend on the number of electronic signatures you use, regardless of the number of documents. **Monopolistic vendors use this model to maximize their earnings.**

2. **Per document pricing:**
   Your billing will depend on the number of documents signed. This will mean variable costs based on the number of envelopes used by your organization. The biggest advantage of this model is the unlimited number of signatures in a document, which can lead to large cost savings and breaks free from the monopolistic vendor pricing.



3. **Per user licensing:**
   Unlike placing limits on signatures or documents, this model assigns a particular user the right. A license authorizes users who can apply the digital signature, restricting the usage to only those who possess the license. In return, it allows the user to sign any number of documents without any restrictions with unlimited envelopes.

4. **Prepaid document packages:**
   The costing in this plan is subject to upfront payment made, based on the selected package. The number of documents are clearly specified in the package with a timeline. In either case, on expiry of subscription or document quota, your plan will cease. Though, you can recharge or top up as many times you wish.

2. Doing the math: Market pricing models

The market for electronic signatures has seen a boom due to remote work and hybrid work cultures. Some of the leading vendors who command a large market share practice monopolistic pricing, given the disparity in the nature of costing models.

2.1 Monopolistic pricing vendor

Today monopolistic vendors command a premium price in the market. From limiting digital envelopes per user, which govern transaction ceiling, to charging additional rates for features offered free by others, monopoly pricing strategies are inequitable. We have illustrated this below with an example.

Monopolistic Pricing Vendor Vs Flexible Pricing Vendor

	Monopolistic Pricing Vendor	Flexible Pricing Vendor
Cost per signature:	USD 4.56	USD 4
No. of signatures:	2000	2000
No. of documents:	1000	1000
Total Outgo	**USD 9120**	**USD 4000**

Total Savings = USD 5120 (1-2)

> The catch is in the number of digital envelopes. Monopolistic vendors charge for every signature without distinguishing between the number of envelopes.

Added costs	Limitation
Document storage	Fixed plans which do not account for under or over usage
API plans for integration with third party apps and automation tools	Fixed user and digital envelope licenses prohibits other uses
Template management for department specific reusable templates	

Moreover, these solutions fall short on several accounts such as:

1. There is no difference in pricing for internal Vs external use cases i.e. use within the organization or outside.
2. Higher-level features such as APIs, integrations, connectors, identification and authentication, SSO and customer support, etc., come at a premium or in the customized plan.
3. No support for the envelopes of higher sizes like an engineering drawing or specification documentation during the contract period.
4. Limited support and flexibility in pricing to bring regional and legal teams under the fold in the global setup.

2.2 Flexible pricing vendor

The framework takes cognizance of the value attained from electronic signatures. The costs are based on wrappers or digital envelopes– internal and external. These wrappers are assigned a uniform value based on the purpose.

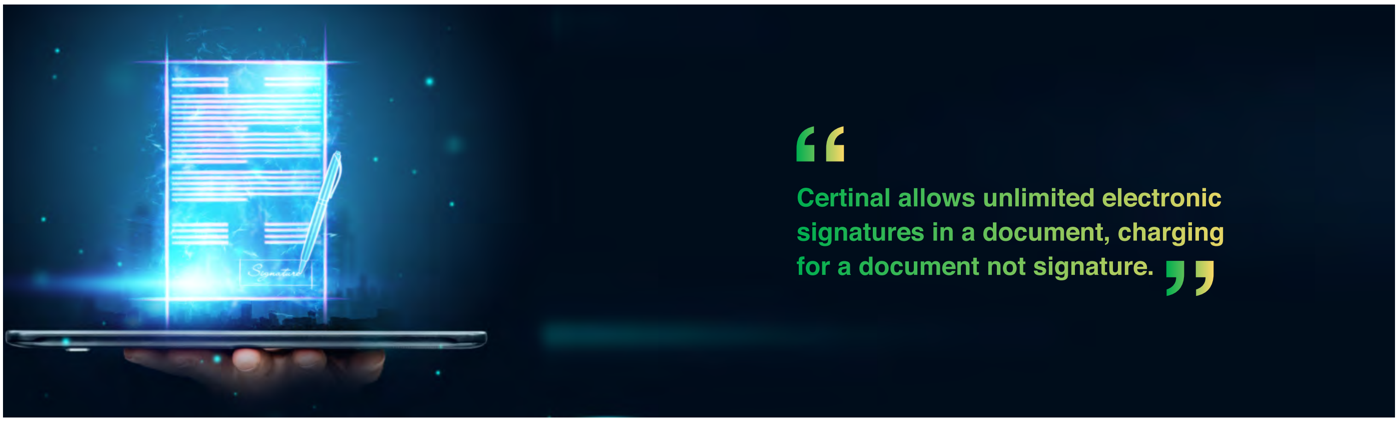
Internal wrappers: used within the organization for HR, legal, and purchase-related tasks.

External wrappers: used outside the organization for invoices, contracts, and account opening exercises. The internal wrappers are priced lower than external wrappers.

For example

	External Wrapper Flexible Pricing Vendor	Internal Wrapper Flexible Pricing Vendor
Cost per signature:	**USD 4**	**USD 2.7**
No. of signatures:	**2000**	**2000**
No. of documents:	**1000**	**1000**
Total Outgo	**USD 4000**	**USD 2700**

Not charging per signature per document entails savings in cost, as you can notice in the table above. **The transparent cost package is a far cry from peers, who place a cap on usage with complex frameworks.**



3. Which model should you choose?

The selection of a product or a service depends on the use case, though electronic signatures are not akin to any service. A single document may have one or more than one signatures, but you should not end up paying for each signature when you can simply pay per document.

Customers should evaluate vendor pricing carefully, weighing the total outgo in the long-term, and not readily paying up significantly higher for the brand name.

It is recommended that you do not give in to monopolistic pricing, on account of the vendor's popularity.

4. Conclusion

Pricing is ultimately the most critical factor in the evaluation of any service. A fraction of differences can lead to a huge gap in the total outgo. And if it is a long-term commitment, then the gap is likely to widen considerably.

As a buyer, you should ask the vendor how they price the solution. Do you need to pay additional fees for a particular capability, like user authentication or connector? It's better to avoid any last-minute hassles and work with proper planning and due diligence.

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Certinal is a wholly owned subsidiary of Zycus, the pioneer in Cognitive Procurement. A familiar name and market leader with years of experience in managing critical contracts & agreements, Zycus boasts of over Fortune 1000 enterprise clients and deployments of procurement and sourcing suite of products. Digital Signing has always been a focus area for Zycus. Thus Certinal was born with the stated goal of offering a best-in-class Digital Transaction Management solution that will be easy-to-use, 100% secure to deploy, and legally compliant around the world. We stand committed to providing a one-stop solution to large enterprise customers, compliant with various security standards and conforming to different regional regulations.

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