



SOLUTIONS OVERVIEW eSignature Process Management Uncovered

How ApproveIt Web Server 3.0 Helps Mitigate Risk, Increase Efficiency and Improve Customer Satisfaction

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INTRODUCTION: E-SIGNATURE PROCESS MANAGEMENT AT A GLANCE

Approvelt® Web Server is an enterprise-class, E-Signature Process Management solution that transforms any paper-based process to an all-electronic, web-based transaction. Version 3.0 is a response to evolving market demands for a more comprehensive e-signature solution that reduces cycle times and provides greater control of customer transactions in complex environments. The solution goes beyond simple e-signing by controlling the execution of transactions electronically from beginning to end to enforce business, legal and regulatory requirements and capture stronger evidence than possible with paper, while scaling across all lines-of-business and distribution channels and ensuring high user adoption.

The solution's e-signature process management capabilities are driven by three functional layers: Execution, Orchestration, and Evidence. They are summarized below. A more thorough explanation of each layer's functionality and the benefits they provide appear in the respective sections of this article.

1. EXECUTION LAYER: This layer provides the capabilities needed for executing the transaction electronically from start to finish. This includes presenting documents and e-disclosures, capturing signatures and user authentication data, and delivering copies of e-signed documents to the parties and systems related to the transaction.

2. ORCHESTRATION LAYER: This layer enables organizations to customize the business logic and coordinate the people, actions, events, systems and services needed to automate and fully control the electronic transaction. This entails defining processes, specifying how to handle variations and exceptions, and preparing documents for electronic presentation and signing.

3. EVIDENCE LAYER: This layer captures and stores extensive electronic evidence and audit trail information, including all web pages viewed and actions taken. The entire electronic process can then be reliably reproduced to demonstrate signing intent and compliant processes throughout the transaction.





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Moreover, organizations can achieve the benefits of straight-through processing quickly and cost-effectively. As a J2EE application, Approvel Web Server is designed to work within existing e-commerce infrastructures and integrates seamlessly with many commonly used application servers, relational databases and operating systems to provide maximum flexibility and scalability.

PART 1: EXECUTION:

FLEXIBLE OPTIONS FOR PRESENTING, SIGNING AND DISTRIBUTING DOCUMENTS ACROSS MULTIPLE CHANNELS

With the market outlook for 2009 remaining flat at best, banks, insurance companies and other financial institutions are looking for ways to operate more efficiently and cost-effectively, while providing superior customer service. Electronic signatures have the potential to deliver these benefits across all sales and service channels. However, solution requirements can vary greatly between web, branch, call center, independent agent and distributor channels.

Adding complexity to the problem is the need to make electronic signing easier and more convenient than the traditional, hand-signing method. If the process requires customers, agents and sales representatives to make an extra effort, such as download a software program, they will simply abandon the process.

Up until recently the only method to address the unique requirements of each channel was to adopt multiple electronic signature solutions. This resulted in a disconnected infrastructure that was complex and expensive to own and operate. The preferred alternative is an enterprise e-signature solution that has the flexibility to support multi-channel environments.

Approvel Web Server provides a single-platform to support the unique requirements of point-of-sale, call center and web channels, while ensuring an intuitive and easy-to-use process that encourages high user adoption.

How Approvel Web Server Executes Transactions

Approvel Web Server's Execution Layer provides flexible options for capturing authentication data, presenting documents for review and signing, and delivering signed documents to all parties and systems. Organizations choose the best methods based on established processes for each sales or service channel to ensure an optimal user experience.

I. USER AUTHENTICATION

Approvel Web Server supports external, 3rd party user authentication solutions and identity verification services. This enables organizations to choose the most suitable method based on the transaction risk



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level, signing environment and usability requirements. For example, organizations can verify the identity of customers using a knowledge-based authentication, and then grant customers access to the electronic signature and review process by supplying them with a username and password. The solution captures user authentication data and references it in the final, electronically signed records. Organizations that have established online customer services can leverage existing user credentials, minimizing the burden of yet another login for customers.

II. DOCUMENT PRESENTATION

Documents can be presented electronically or in paper format for review. While presenting documents electronically is required for web and call center channels, organizations may prefer to present a printed version of the document in a point-of-sale environment.

1) Electronic Review: Electronic presentation of documents occurs directly in a web browser while retaining the exact appearance of the source file. Users do not require a PDF viewer, nor do they have to download documents onto their system, to review documents, which often leads to frustration, customer drop-off, and a loss of control and visibility into the transaction. This method imposes the least requirements for web, call center and point-of-sale channels as it ensures customers and representatives have what they need to complete the transaction without any additional effort on their part.

2) Paper Review: Documents can also be presented and reviewed on paper. This method is suitable when reviewing long documents and for point-of-sale environments where representatives may have sensitive information on their systems and therefore do not want to share their computer screen with customers. Paper-based review is most often combined with an electronic tablet to capture intent and signatures.

III. SIGNATURE CAPTURE

Electronic signatures can be applied to documents through a variety of methods, including click-to-sign and electronic signature tablets. Signing cues are overlaid in documents to clearly indicate where to sign, thus reinforcing signing intent. Approval Web Server then binds the signer's intent to the final electronic document using digital signature technology and secures the document so that any subsequent changes will be detected and visibly invalidate the signatures.

1) Click-to-Sign: This signing method requires a person to click a visual cue in the electronic document presented in the web browser. Upon signing, the visual cue is replaced with a signature block



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containing the date, signer's name, and other customizable information. This method is critical for successful web implementations and may even be preferred in point-of-sale environments because it does not require software to be installed or additional hardware to be purchased.

2) POS Signature Tablet Capture: This method captures a customer's handwritten signature using an LCD signature tablet and is ideal for point-of-sale environments where all parties are present during a transaction. Document text and navigation can be displayed directly on the tablet to help guide users. This method provides users with a more direct cue and context for the placement of their signature within the document. It also inspires customer confidence as it closely replicates a hand-signing process and is widely used in the retail industry today.

IV. DOCUMENT DELIVERY

Electronic signature and commerce legislation requires merchants to make copies of electronic records available to all parties involved in a transaction. Approvalt Web Server 3.0 provides distribution options depending on the preferences and system capabilities of the partners and customers involved. Electronic records can be viewed on the merchant's Website and/or downloaded as a flattened or verifiable version on the person's local system for personal recordkeeping.

PART 2: ORCHESTRATION:

CONTROLLING THE EXECUTION OF E-TRANSACTIONS TO ENFORCE BUSINESS, LEGAL AND REGULATORY REQUIREMENTS

Automating highly regulated transactions without introducing new risks to the process is not a simple task. Procedures, documents, and data vary according to the product, jurisdiction and distribution channel, resulting in hundreds and even thousands of possible transaction variations. In each scenario, the appropriate documents have to be presented and specific actions have to be taken. Exceptions, such as updating, modifying or correcting information, documents and even signers in a given transaction often occur.

In a traditional paper-based transaction, the process is driven by agents, dealers, brokers, employees or other representatives of an organization - all of whom possess extensive knowledge about the required forms, regulations and procedures needed to sell and deliver products and services in a given jurisdiction. Even then, errors frequently occur and shortcuts are taken, resulting in incomplete or non-compliant transaction document packages that need to be corrected. This, in turn, creates additional delays, costs, poor customer experience and attrition.

One of the benefits of online processes is the ability to have customers drive the transaction themselves, with less, or no reliance on a representative. But to make this possible, the system must be capable of controlling the process from start to finish. This includes distributing and presenting documents for review



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and signing, obtaining consent, delivering copies of signed documents to all parties and systems, and everything in between.

Automating the execution of transactions in this manner also helps to minimize errors, delays and risks in web, point-of-sale and call-center transactions, thereby enabling representatives to spend more time advising customers and providing value-added services.

ApproveIt Web Server 3.0 provides powerful orchestration capabilities for controlling the execution of transactions electronically, while hiding the complexity of bringing transactions online.

How ApproveIt Web Server Controls Transactions

ApproveIt Web Server's unique Orchestration Layer provides a highly flexible solution for configuring the execution of transactions electronically in accordance with business, legal, and regulatory requirements. Orchestration enforces the customized sequence of actions and events among users, systems, services, documents and data.

The Orchestration Layer consists of three modules: 1) Prepare, 2) Control and 3) Monitor:

I. Prepare: Before an e-signing transaction can be automated, the rules guiding the process must be defined in the system and documents need to be prepared. ApproveIt Web Server offers a structured framework for defining e-signing processes. Its built-in process templates enable organizations to leverage industry best practices and quickly deploy e-signing, while also providing the flexibility to customize processes for their unique requirements. The template defines:

- a. The correct sequence of events and actions to be taken
- b. What types and number of documents need to be signed
- c. Whose signatures are required and the role of each signer
- d. Where to overlay signing cues in documents so that it is clear where to sign
- e. What signing method should be used (click-to-sign, electronic tablet, etc.)
- f. What information needs to be captured as part of the electronic evidence
- g. How to handle exceptions to the process



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II. Control: Once the rules are defined in the step above, Approvelt Web Server 3.0 controls the process from the moment documents are handed off to be signed, to when the e-transaction is completed and copies of e-signed documents have been distributed to appropriate users and systems. The solution coordinates all activities and events of the signers and related documents; manages and saves the state of the process as users exit and re-enter the online session; and triggers email notifications and automatic reminders.

Approvelt Web Server also enables parts of the process to be modified or updated during a live transaction, including adding, removing or changing documents and users. This allows exceptions and changes to a transaction to occur, such as increasing the loan amount on a automotive retail installment contract, without losing any review and execution of other documents that has occurred. Controlling the process from beginning to end ensures that no important steps or information are missed, and that all compliance requirements are met.

III. Monitor: Approvelt Web Server provides monitoring capabilities and automated notifications and alerts to ensure 24/7 system performance and that transactions move forward with as little human intervention as possible. Automatic notifications and alerts are generated and sent to supporting systems and parties involved in the e-signing process. Customers, for example, receive email notifications when documents are ready for signing or when a copy of the final electronically signed document package is available for download. Representatives and agents, on the other hand, can be updated when the process has stalled, possibly indicating customer confusion or indecision. The operations team can monitor the status of transactions to identify trends, bottlenecks or anomalies, and be alerted of issues to system performance.

PART 3: EVIDENCE

CAPTURING STRONGER EVIDENCE IN E-SIGNED RECORDS THAN POSSIBLE WITH PAPER

A common misconception is that authenticating the people involved in a transaction and securing e-signed documents are all that is required to enforce a contract. Most legal disputes, however, do not question whether a signature belongs to a person or whether a contract has been altered. Most disputes challenge people's understanding of the contract terms and conditions at the time of signing. That is why reliable evidence of what took place during the entire signing ceremony is needed, and why an electronic signature solution needs to reproduce every step in the process.

Capturing and reproducing reliable and persuasive evidence, however, can be a daunting task. An enormous effort on behalf of the business, legal, compliance and IT teams would be required to retrieve data from various business and e-commerce systems, such as the original web site design, documents, audit



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and system information, and then accurately re-build the web page and reproduce the exact process, procedures and policies used to execute the transaction.

Approvelt Web Server captures, secures and reproduces all required information about the transaction so that it can be easily and reliably presented in a courtroom.

How Approvelt Web Server Captures Evidence

Earlier in this paper, we defined the role of Approvelt Web Server's Orchestration Layer as enabling organizations to prepare documents and define e-transaction processes in order to enforce business, legal and regulatory requirements. With respect to the customer experience, this also means that the solution enforces the proper signing ceremony to promote understanding of contract terms and conditions.

The role of the solution's Evidence Layer is to then collect and store extensive electronic evidence and audit trail information related to the transaction. This includes all web pages viewed and actions taken by the signer during the transaction to indicate agreement or consent, and move from one document page to another.

Approvelt Web Server also provides archival and review tools to facilitate storage and retrieval of evidence data and web pages. The entire transaction can then be reproduced from start to finish for purposes of a claim, litigation, a regulatory audit or internal control to demonstrate that:

- ▶ All required steps in the transaction were executed.
- ▶ All required documents and information were presented to parties in the correct format & order.
- ▶ It was clear to all parties that they were entering into a legally-binding contract.
- ▶ No signatures are missing.
- ▶ All parties received a copy of the final records.
- ▶ Any timing requirements (e.g. delivery of disclosures within timeframe specified by state regulations) were satisfied.



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The following electronic evidence is captured by the solution:

I. Process-Level Electronic Evidence: This functionality relates to the collection of electronic evidence used to demonstrate the exact screens seen and actions taken by the parties, such as “click-to-sign” or applying the signature to the document. This allows one to see the overall process and signing intent, and not just the resulting e-signed records and data related to an e-signature. This is key from a legal intent and enforceability perspective especially in a web environment where there are many potential distractions, such as pop-up windows and links that could lead to confusion. Equally important is the ability to demonstrate a secure link between the process evidence and the resulting electronically signed records. In addition to process-level electronic evidence, Approvel Web Server also collects transaction and event audit information to demonstrate the reliable operation of the system.

II. Document-Level Audit Information: When a document is e-signed by Approvel Web Server, signature-related data is embedded in the electronic PDF file such as the identity of the signer, time and date stamps from the server hosting the solution, and security data related to the merchant digital signature applied to the documents. Other custom data may also be included. This information is used to demonstrate authenticity of the signer and the document.

III. Audit and Archive Tools: Approvel Web Server provides audit tools to facilitate the review of electronic evidence in a legal or regulatory proceeding. The process reviewer provides access to the captured evidence so that the sequence of screens can be viewed and printed. Each screen is time and date stamped so the viewer can determine how much time was spent on each screen. The electronic evidence and records can be archived from the solution database to long-term backup or archival systems.

CONCLUSION: THE ADVANTAGES OF E-SIGNATURE PROCESS MANAGEMENT

Electronic signatures enable organizations to service customers more quickly, efficiently and cost-effectively, and are essential for operating in today's fiercely competitive market. However, moving paper-based transactions into the electronic world, without introducing new risks and ensuring that the process improves customer experience, is challenging.



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These challenges will become increasingly difficult as regulatory bodies demand more transparency into processes and introduce more stringent regulations and controls, and as customers' expectations for convenient service across all channels grows.

Yesterday's e-signature solutions do not support these complex requirements.

Approvelt Web Server 3.0, as a next-generation E-Signature Process Management solution, with its advanced Orchestration, Execution and Evidence capabilities, goes beyond simple e-signature capture to enforce business, legal and regulatory requirements throughout the electronic transaction, while capturing the strongest electronic evidence and creating the most seamless, cross-channel user experience.

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