

eSignature Basics and Different Types of eSignatures

White Paper

TUNGSTEN
AUTOMATION

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eSignature Basics and Different Types of eSignatures

Types of eSignatures – what to know about these tools

For hundreds of years, approving or validating a document relied solely on the reliability of so called “wet ink” signatures. From the days of the Declaration of Independence to the business contracts of the 1980s, putting pen to paper was the only real option. Despite potential forgery, falsification and other problems, it was our best option. Today, that’s no longer true. Enter the digital signature.

The first ideas about using computers for electronic signatures came about early in developing microcomputers. By the late 70s, the idea was growing more common, and the earliest frameworks were in development. By the end of the 80s, the first built-in eSignature workflow appeared in the popular productivity software Lotus Notes. Since then, the eSignature space has undergone a rapid evolution. As the technology has matured, it has even earned legal recognition for its validity worldwide.

Signatures as a personal seal of approval aren’t going anywhere, and eSignatures are more important today than ever. Worldwide access to the internet has increased to the point where we now live in a global village. Businesses of all stripes often do business with partners that might be halfway around the world and in entirely different time zones.

Simultaneously, there has been a massive shift in many industries towards a greater emphasis on working from home. Even after many workers returned to the office, many stuck with a “hybrid” work style or stayed home entirely. These employees still perform high-value tasks, sometimes even business-critical efforts, but they face a challenge in remaining fully connected with those processes.

Both of these scenarios explain why eSignatures have taken center stage as one of the most fundamental tools a business can have in its software toolbox today. Gathering wet ink signatures takes time – and lots of it. There are many more steps to preparing documents for wet ink signing, not to mention the simple logistics.

Physically sending a document around the world for review and signing could take days. Someone working from home might not be able to visit the office to sign papers, or they might work while traveling. In each case, electronic signatures offer a faster, smarter, and more reliable way to obtain the necessary approvals. However, not all eSignatures are the same.

It is key to understand the different types, their applications, and how to start taking advantage of them. Here’s our look at the most important elements of eSignature technology today.



Why is it important to understand the types of eSignatures?

On the surface, electronic signing can seem relatively straightforward. It's just a way of signing things online, right? The rigid processes behind eSignatures, however, can be pretty complex. This complexity has led to differentiation in eSignatures based on different use cases. Some provide a higher level of verifiability with clearer audit trails than other electronic signatures.

Understanding what underpins these different use cases and local requirements by law is what makes them unique. If your business hopes to transition away from wet ink signatures, it must establish what option meets your level of need. Sometimes, a company may even use all the different types of electronic signatures in different scenarios.

Developing this understanding starts with exploring the basic definition of an electronic signature. Differentiating between terms in this space can be confusing, but it only takes some practice to familiarize yourself fully. So how do we define this technology?

Defining electronic signatures

An "electronic signature" is a legal term for defining the methods we use to authorize documents using computers. It does not necessarily refer to any one specific type of signing technology. In United States law, the government defines an electronic signature as a "sound, symbol, or process" created electronically that is "attached or associated" with a contract or document. Other regions, such as the EU, define the basic electronic signature similarly.

In other words, an electronic signature is any type of data that indicates that someone expresses agreement with the content of the document. These definitions don't tell us much about how the technology works or how it might help verify that someone is who they claim to be. This is where a key distinction becomes important: although often used interchangeably, "electronic" and "digital" signatures differ slightly. All electronic signatures are in the same broad category, but not all are "digital signatures."

So, what's the difference?

What are digital signatures? How do they compare to eSignatures?

While "electronic signature" assists in defining methods of authorization, a "digital signature" is a more technical term. Instead of receiving its definition from lawmakers, the major players in the tech industry stipulate the standards for digital signatures. The key difference here is the technology in use. Digital signatures utilize cryptographic technology to create a unique digital fingerprint (called a hash) of the document. The hash is then encrypted with a private key to create that digital signature. When someone receives a document that is digitally signed, the authenticity of the signature can be verified using the signer's public key.

Below, we'll explore the different types of signing tools to know, but it's helpful to introduce the concept of authentication here. At their most basic level, electronic signatures aren't inherently more secure than a wet ink signature. Some signatures only require a user to click a box affirming that they are who they say they are before affixing a signature.

A "digital signature" is an eSignature that uses cryptography to secure the document and provide a verifiable method of confirming and validating the signer's identity. In other words, this type of eSignature offers a clear improvement over traditional methods. Other types also have legal and technical definitions –but more on them later.

Next, an important question: are electronic signatures enforceable?

Are eSignatures legally valid and enforceable in the United States?

Electronic and digital signatures are entirely legal as an authorization method today. That is true not just for the United States but broadly and across global markets. Electronic signatures have had the full force of the law behind them since 2000, when Congress passed the "Electronic Signatures in Global and National Commerce Act," also known by its acronym, ESIGN. Under the ESIGN law, everything from clicking "I agree" on a contract to using a fully cryptographic solution has the same validity as putting pen to paper.

While all eSignatures are legal, enforcement can be more difficult if you do not have a way to verify a document's chain of custody. For example, in a contract dispute that leads to time in court, you can make a stronger case when you can produce an audit trail that defines precisely when and where signing actions occurred.

It should be easier to see now that eSignatures, without the right technology behind them, can still be susceptible to some of the same issues as a wet ink signature. However, that does not mean eSignatures are risky or unstable, far from it. A look at the different types of eSigning reveals the truth.

The main types of eSignatures to understand

To differentiate between levels of technology and verification, the industry has stratified eSignatures into three distinct categories. These are "simple" signatures, "advanced" signatures, and finally "qualified" eSignatures. Each of these means something slightly different, representing a different level of security and verifiability. Here's what to know about each specific type.

[Simple eSignatures](#) don't include any kind of identity verification by default. Verifying an identity is an optional part of such a signature. The purpose of this type is to provide a fast, simple solution for very basic use cases. In other words, these aren't signatures that you intend to litigate in court.

These are "simple" signatures, "advanced" signatures, and finally "qualified" eSignatures. Each of these means something slightly different, representing a different level of security and verifiability

Simple eSignature functionality is easy to add to documents such as a PDF or a web form. The only audit trail that exists is in the form of the document's history and metadata. A simple eSignature can be a scanned image of a handwritten signature, a photo, or a checkbox selected by a person added to a document.

"Advanced" eSignatures are a step up to the next level of security. Some kind of digital certificate verifiably linked to an individual's identity provides assurances that the party provided the signature. Suitable for medium-security applications, advanced signatures can still leave some questions about authenticity.

A "qualified" eSignature is the most compelling and binding type of electronic signing solution today. Extensive identity verification takes place in these workflows. Various methods are used for validating such identities, but most often, this process involves a regulated solution of corroborating identity. A trusted third party also provides digital certificates to secure the signature and provide a clear audit trail. In the EU, a qualified eSignature has the same legal effect as a handwritten signature.

Qualified signatures find their best use cases in most business applications, especially contracts and agreements. Even the hiring process benefits, such as when you collect an applicant's signed consent to a background check. Other examples include consumer loans, notices of termination and surety bonds to name a few. Ultimately, the level of eSignatures needed for contracts and agreements are subject to governmental regulations.

How eSignatures offer a superior solution to traditional signing

The opportunity to employ legally binding electronic signatures is full of potential value for businesses today. Transitioning even some forms of authorization into the digital realm can yield many benefits – benefits that translate into better work and improved productivity. Some of the specific reasons driving eSignature popularity today include:

- **Eliminate slow, manual steps from approval processes, such as preparing and mailing physical document packets. Managing paper processes costs businesses across the United States more than \$8 billion every year – digital processes can knock down that number.**
- **Use a highly reliable and proven method for signing documents in a highly interconnected digital environment.**
- **Receive signatures from clients, customers and others faster and more reliably.**
- **Create self-service processes with automated steps, including sending documents for signing and filing signed documents to the appropriate system.**
- **Achieve more reliable and verifiable compliance with key regulations.**

These advantages have created a significant level of adoption across industries. The eSignature sector has seen a rapid appreciation in value, especially after the Covid-19 pandemic forced many companies to re-evaluate their workflows. Today, this space is worth nearly \$3 billion – and in just a few short years, it may approach almost \$20 billion in value.

It's not hard to see why. By 2021, surveys revealed that 95% of businesses already used eSignatures or planned to adopt them very soon. In the financial sector, the successful implementation of eSignatures slashed the number of missing or misplaced documents by two-thirds. Within a year of implementing eSignatures, more than 80% experience a positive ROI on their choice. Digital signatures help you save time and money while creating a better experience on both sides of the transaction.

How can you pick the right eSignature solution for your business needs?

The advantages of a good eSignature are clear, but how can you equip your business with this technology? As the industry has expanded, so too have the number of options available to implement these workflows. A good solution should be well-suited to serving the needs of large-scale enterprise users and the individuals who will sign documents. There are a few key things to remember as you evaluate options.

You should review your signature workflows and applications to analyze them for shortcomings. See where you can improve and define how eSignatures will slot into that role. Determine which use cases will provide the most value due to a transition towards digital signing. Ask big questions, such as "how can eSigning fit into our broader automation strategy?"

Now you can start exploring your options in the marketplace. Look for solutions that help you achieve lower costs, faster speeds, and high security and reliability. You should look for experienced vendors who can demonstrate a high level of competency in this space. Post-purchase support is also a must have. Although a crowded marketplace exists today, some solutions rise to the top.

Introducing Tungsten SignDoc

Tungsten SignDoc is a cloud-based solution that offers highly integrated and adaptable electronic signature workflows for business users of all stripes. Built from the ground up to help enable paperless processes, SignDoc is a mature eSignature solution that provides the compliant, verifiable, and reliable results business users demand today. Easy to use both to configure signing packages and for those doing the signing, you can move away quickly from wet-ink signing and towards the future.

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What can SignDoc do? What advantages does it offer?

The right features make the difference, and we've packed SignDoc full of the functionality that today's business users and individuals need. Easy to learn yet highly powerful, SignDoc ensures you can build signing workflows that make the best sense for your business. Notable features include the following:

- Support for multiple signature types, including click-to-sign, digital handwriting, stamps, and more.
- Create templates for signing packages to rapidly prepare documents for approval.
- Automatically remind document recipients that they have documents awaiting their review and signature.
- Guide signers through the document to ensure every signature field receives attention.
- Fully customize your signature workflow to suit your business-specific needs.
- Keep documents fully secure and compliant with the relevant legislation.
- Unlimited users with flexible signing based on a per-package rate.
- Multiple methods for security and two-factor authorization, including SMS.

Beyond these features, the real value in SignDoc comes not only from its rich set of features and mature technology. It also stems from how we've integrated it into the entire Tungsten ecosystem.

An integrated solution for the future of work

The way we work tomorrow will look much different to how we work today; the adoption of eSignatures showcases that clearly. However, the future workplace will depend heavily on integrated systems and advanced automation—features already available for your use in SignDoc. Supported by a large portion of Tungsten products that contribute to our overall intelligent automation suite, you can extend the value of SignDoc even further through these integrations. What are they?

Integration with Tungsten Power PDF is first on the list. In the latest version of Power PDF, signing workflows powered by SignDoc can occur entirely within the application. This includes creating the document, defining signature fields or the signing package, and transmitting the document directly to users. On the signing side, a secure internet connection lets users quickly place their verifiable signature. New mobile support means that you can collect signatures from anywhere, and receive notifications on your mobile device.

When your business receives the signed document back from this process, it could trigger an entire range of additional actions. With Tungsten TotalAgility, our versatile process automation solution, you can configure signing events so that they alert key stakeholders. You can route the data to the right place at the right time without involving employees in a highly manual and error-prone effort.

How SignDoc keeps your documents locked down

Security in signed documents is a critical consideration for several reasons. First, good security keeps sensitive information in the right hands. Second, it protects the audit trail of a document and ensures it is verifiable and enforceable. Finally, proper security ensures compliance with relevant laws. We've built SignDoc to be highly secure in both its signing workflows and how it handles user data.

The installation of SignDoc is SOC 2 Type 2 certified, meaning that we have achieved recognition for a high degree of control and security in handling user data. All information transmitted through the cloud undergoes heavy AES 256 encryption. The same is true for communications with signing and certificate authorities for authentication. After submitting SignDoc for evaluation with security firm Praetorian, the software received an "A" grade for "Excellent" security.

Ensuring compliance with relevant global legislation is important to our team, too. All SignDoc protocols and workflows are HIPAA-compliant for use in healthcare scenarios. Properly configured and used, SignDoc ensures that protected patient data always remains in secure locations and inaccessible to those not authorized.

Likewise, compliance with the European GDPR legislation is also important today. SignDoc fully complies with the GDPR's requirements to give privacy notices about personal data handling practices to both signers and reviewers. SignDoc only uses personal information to carry out its functionality, and we automatically delete that data after document signing concludes (except where otherwise required to retain records by law).

Mastering electronic signatures for a better way to work

Electronic signatures aren't just here to stay—they've changed how we work. With a vast number of users worldwide and a range of providers, setting up a secure, sensible workflow for signing documents is easier than ever. Tools such as SignDoc ensure that you can integrate signing solutions directly into your business systems for seamless and reliable operation.

Selecting the right signing option for your business demands care and attention. While you may not want to eliminate wet ink signing for all use cases, eSignatures offer possibilities for speeding up this critical process. Everything from employee onboarding to closing a sales contract with a new client benefit from a secure, built-in signature workflow.

As the technology behind digital signatures continues to evolve and grow, businesses should closely examine their adoption strategy. Building a solid framework for document approvals today ensures you're well positioned to capitalize on any technological improvements in the future. How will you change the way you work?

More resources on eSignatures

[See the infographic](#) on What is an eSignature?

[Learn more](#) about eSignature

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About Tungsten Automation

Tungsten Automation, formerly Kofax, is the global leader in intelligent automation solutions with a trusted legacy of nearly 40 years, with a team of 2,000+ employees in 40 countries, serving 25,000+ global customers. Our dedication to innovation and customer success has earned us industry recognition, including being named a leader in Intelligent Automation (IA), Intelligent Document Processing (IDP) and Process Orchestration by top analysts. We are trusted to help businesses gain unprecedented efficiencies and reduce costs through AI-powered workflow automations that propel their businesses into the future.

To learn more, visit www.TungstenAutomation.com

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