White Paper

Electronic Signatures Overview

History of Electronic Signatures

Over 100 years ago, people were using Morse code and the telegraph to electronically accept documents. In the 1980's companies and even some progressive individuals began using fax machines for high priority or time sensitive delivery of paper based documents.

When the first document was signed and faxed it created the basis for the discussion of electronic signature validity. After all, it was the first time someone could sign something, place it in a machine, send it from one phone line to another, and deliver a digitally reproduced signature. The path this signature took was not controllable or traceable, and in most cases, it traversed miles of wire before reaching its destination, so how could it be considered a valid signature? The intentions of the signature were clear to everyone, but businesses wanted to know they could count on the validity of the signature, and if no one actually witnessed the action of one individual or of a corporation how could a business put any faith in it? This of course caused quite a stir and in rapid fashion, the courts ruled this signature carried the same validity as if the parties were standing in the room together. With this, the fax became standard operating procedure worldwide.

The courts found validity in this method of signature capturing and businesses felt secure in this method. Many people did not realize that the original fax paper's ink would vanish after a period and they would have to make another copy of the fax using a copier if they wanted to store it permanently. In addition, many times the quality of the image was poor or barely legible, but understanding the intention businesses would consider it signed even if there was only a partially legible signature.

The New Revolution

By using his electronic signature ID for signing the "Electronic Signatures in Global and National Commerce Act" (ESIGN) on June 30, 2000, President Clinton established the validity of electronic signatures for interstate and international commerce.

The bill provides Electronic Signatures the same legal status as handwritten signatures and gives legal validity to electronic records and contracts.

It authorizes businesses to replace paper records, such as warranties, contracts, and notices, with electronic records regardless of whether the transaction is conducted online or offline and regardless of whether the consumer has the equipment and ability to access information electronically.

Understanding Electronic Signatures

Most businesses these days use electronic signatures for obtaining users consent or approval of documents online. Some of them still have questions like, are these signatures legally binding, secure, acceptable by court as evidence.

Let us first understand what an electronic signature is. According to ESIGN, an electronic signature is "an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record.

Along with electronic signature, authentication is also important. According to ESIGN, authentication can be defined as evidence that a given record, contract, or form is a genuine unaltered written representation of an agreement approved by two or more parties, whether in paper or electronic form.

The general requirements of electronic signatures are described below:

- The signer must intend the signature to have the same force and effect as a signature affixed by hand.
- The signature must be unique to the person using it.
- The signature must be verifiable as belonging to the user.
- The signature must be under the sole control of the person using it.
- The signature must be attached or linked to the document in a way that authenticates the integrity of the electronic signature and document contents.

Scanned copies of manually signed signature / initials or dynamically generated using an electronic signature solution are the most suitable and can be used to sign any documents online.

Signatures created using an electronic signature approval solution ensures that the signature is accessible only after users login to their account. All the transactions in the solution are secured with 128-bit encryption. The signature cannot be modified by any another user of the solution.

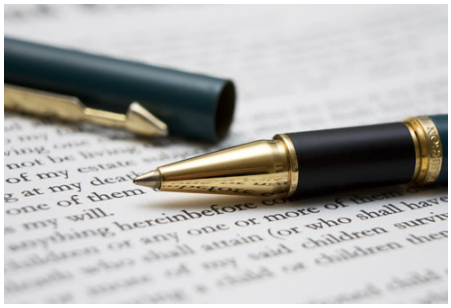
Whenever signers electronic signature is required, notifications are sent informing them that they to electronically sign the document and give their consent / approval. No company can force its customers to participate in any electronic transaction against their will. Customer has the option to withdraw at any point of time. After the signing and approval process is complete, another notification is also sent to the signers that they have just signed a document electronically.

After signing a document using an electronic signature solution, the signer / sender do not have to keep track of the signed documents manually. The signed document is automatically stored in the signers and senders account for any future reference. This improves compliance to ESIGN.

Electronically signed documents are encrypted before sending to next signer or storing in the users account / internal repository or an external transaction point so ensure there is no tampering of the signature and the document. Multi-factor authentication can be enforced when user requests to view the document.

As per the law - "a signature, contract, or other record relating to such transaction may not be denied legal effect, validity, or enforceability solely because it is in electronic form." This means electronic signatures have the same the same legal effect as wet-signatures.

Whenever any transaction is carried out on a document, the transaction details are embedded in the document. These transaction details are reproducible and act as audit trails. These audit trails can be presented in the court of law as evidence in case of any fraud or infringement.



About SutiSign

SutiSign is an easy to use web based solution (SaaS)/Enterprise that automates the document approval process. Users can prepare documents, add custom data fields, define the approval order, add signers, and submit for approval. Notifications are sent to signers informing them about new / pending documents for approval. Documents are signed based on the approval order defined. Completed documents can be stored in the users & signers account for further reference.

Unique Features

SutiSign provides unique features such as: Wizards that enable faster creation of templates and requests, a 1-2-3 Step document creation process, multiple documents, biometric authentication, LDAP/AD integration, a built-in library of custom data fields, acceptance modes, transaction point integration, seamless integration with other solutions, smartphone compatibility, and customizable reports that make the document approval process simpler and more efficient. It completely caters to the needs of companies looking for a solution to automate their document approval process.

1. Understanding Electronic Signature, a CIC White Paper
2. E-Sign Legislation, an article on www.elock.com