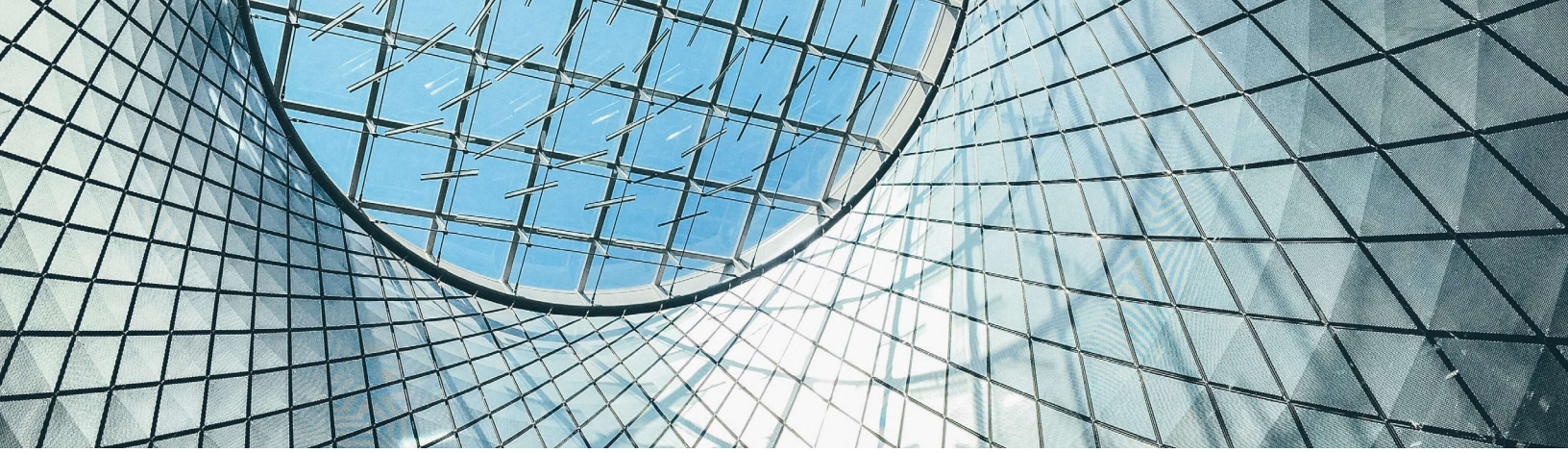


Market Insight Report Reprint

OneSpan expands beyond e-signature space into a secure cloud platform with vault capabilities

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The company's Transaction Cloud Platform enables secure and fluid digital workflows for historically tedious processes around signing agreements. The offering could be a fit for many banking processes, yet increased pressure on lenders and credit becoming more expensive may affect traction.

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Introduction

Digital transformation has increased the ease and convenience of many transactions that used to require in-person interaction, but a sticking point continues to occur when those transactions require an in-person signature for approval or execution. Electronic signatures are a way to digitize that part of the process. Addressing this need, OneSpan Inc. recently announced its Transaction Cloud Platform, which encompasses a broader set of capabilities supporting e-signatures, including notary transactions, recorded sessions, verified IDs, authentication and mobile-secure ways of transacting.

THE TAKE

The pandemic enhanced the need to interact virtually and extended the reach of businesses well beyond the face-to-face realm. Transformation was needed for manual processes to turn digital so they could be executed remotely. This transformation from the pandemic also opened doors for bad actors who took advantage of the significant digital shift. Many processes — for example, closing on a mortgage — are more complex than simply applying electronic signatures. OneSpan addresses increased security threats by aiming to secure the entire transactional process and digital workflow. There is also an emphasis on user experience and a focus on verifying and authorizing identities.

OneSpan's Transaction Cloud Platform goes beyond historical e-signature and verification capabilities, and puts the company in direct competition with DocuSign Inc. (which offers something similar, called the DocuSign Agreement Cloud). The platform encompasses large and significant processes like closing on a house or applying for a mortgage, and opens the door for a more cohesive workflow for applying, preparing, viewing, verifying, co-signing and transacting with regard to legal and formal agreements. OneSpan's offering is a direct fit for many banking processes, yet increased pressure on lenders and credit becoming more expensive may affect traction, as could the strain the banking sector has experienced in the last few months.

Context

OneSpan was founded in 1984 with headquarters in Chicago and in Montreal. The company has been publicly traded on the Nasdaq since January 2000, but its IPO was in 1997. The company announced its yearly earnings from 2022 in February, revealing $215 million in revenue for the year. OneSpan has about 1,000 employees and operates in over 100 countries. It aims to address issues of multi-factor authentication (MFA) software combined with a hardware endpoint. It focuses on digital agreements (such as contracts or other legally binding documents) between two parties while maintaining security throughout the process. The company argues that simply securing a transaction from an endpoint is not sufficient, so it secures the full workflow. The process starts with identifying and verifying the end user and stops with an e-signature or a record of a digital authorization that can be presented to regulatory and compliance.

In January, OneSpan acquired Southbank Software Pty Ltd., a database management and security SaaS company, for an undisclosed amount. Southbank provides blockchain-based secure database management and data security, as well as APIs and SDKs. Its previous acquisition was Dealflo Limited in 2018 for $54 million, providing financial agreement automation, customer onboarding, identity verification and both contract and customer data management. Historically, OneSpan has been an MFA hardware token provider.

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Strategy

OneSpan competes in highly regulated industries such as financial services and insurance, as well as industries including wealth management, lending, government, healthcare and both commercial and retail banking. It focuses on customer identity and access management in business-to-business (B2B) and business-to-business-to-customer spaces. OneSpan began building its e-signature portion of the company from acquisitions such as DigiNotar in 2011 for $13.1 million, and Silanis Technology in 2015 for $85 million. The company offers connectors for third-party apps from Salesforce Inc., Workday Inc., Box Inc., Pegasystems Inc. and Microsoft Corp. (SharePoint and Dynamics 365). OneSpan was formerly known as VASCO Data Security International until 2018.

Products

OneSpan's primary offering is its Transaction Cloud Platform, which is headlined by a digital agreement workflow. OneSpan defines its digital agreement workflow as including, in this order, verification, authentication, interactions, transactions and signatures, and the ability to store digital records via blockchain technology in a cloud-based vault. Types of transactions and records include auto loans, bank loans, wire transfers, smart contracts and qualified e-signatures, as well as notary documentation and cryptocurrency transactions. Internal use cases for the Transaction Cloud Platform include NDAs, internal approvals, policy changes and human resources engagements/onboarding, while external use cases can include credit and/or lending applications, mortgage applications, payments and money transfers, insurance claims processing, new patient onboarding, opening commercial banking accounts, and insurance policy applications. The platform also supports mobile security throughout the workflow process.

The digital agreement workflow is defined by first verifying a user (with biometrics, behavior analytics, global ID proofing and risk-based verification), then authenticating via hardware authentication devices (such as OneSpan's Digipass), or by capturing an image of a person's face or a document like a driver's license. The interaction part of the secure workflow includes a virtual room, where the involved parties can have a video conference call and simultaneously view documents. Notaries and treasuries could enter the process here, and video sessions can be recorded. This space allows for collaboration, co-browsing and the ability to provide customers with real-time assistance to complex agreements. A comprehensive record of electronic evidence is produced by these meetings, which can be presented to regulatory and compliance or auditors. Document signing is compatible with eIDAS regulations. The transaction portion of the workflow encompasses qualified signatures, where the signing parties are previously identified and verified (via the first steps in the process). Transaction Cloud Platform also includes digital smart forms and pre-packaged integrations. OneSpan's vault includes eVault, where customers can encrypt and store e-signed documents, maintain an audit trail within vaults for compliance, manage access and rights, and verify integrity of sealed documents.

Additional offerings include OneSpan Sign, which encompasses electronic signatures; e-closing, which abides by strict boundaries and rules to help automate mortgage and lending workflows; OneSpan Sign ID Verification & Authentication, where customers can choose a level of security that fits their needs (e.g., requiring a photo of a driver's license/government-issued ID, SMS, Q&A and KBA); and Qualified Electronic Signatures, where signatures have certificate-based IDs from trusted providers that indicate trust and validate the identity of the user.

With its OneSpan Notary offering, remote online notaries and customers can connect via the company's secure virtual meeting room. Both users must authenticate in order to be admitted to the room. Then the notary reviews the document(s) with the customer in real time and collects key information from the session. Once signing is complete, the notary seals and completes the transaction and the virtual session is ended. Customers can build their businesses from OneSpan's capabilities; there is no OneSpan logo during transactions, and the company ensures workflow integrity from start to finish, which is important in customer-facing and B2B transactions.

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Competition

OneSpan competes directly with DocuSign in the electronic signature space, as well as Adobe Inc's Sign and HelloSign, although DocuSign interacts more with multiparty deals and contracts. Since OneSpan also provides a secure complete workflow, rivals also include Adobe's Document Cloud product and Dropbox Inc.'s Sign. Nitro and Zoom Video Communicatios Inc. are also competitors, as is Entrust, which acquired cloud signature provider Evidos in June 2022 and is focused on providing high-assurance and identity-verified signature workflows.

Jumio and Onfido could also be classified as competition in the identity verification space, as well as Ubisecure, although the latter appears in authorization as well. Specifically on the authorization front, OneSpan competes with Transmit Security and Gemalto (a Thales company), most directly in banking. Okta Inc. is also a competitor following its $6.5 billion purchase of Auth0, as well as ForgeRock Inc. and SAP SE (via its Gigya acquisition in 2017). OneSpan provides hardware MFA tokens as well, which puts it in competition with MFA vendors like Entrust and Yubico.

SWOT Analysis

STRENGTHS

There are not many other large or established vendors in the e-signature space, especially with a focus on workflows or a secure cloud. OneSpan also has a large breadth of offerings, spanning markets and sectors like banking, lending, insurance and real estate. OneSpan's e-signature base and growth of customers are strongest in North America. OneSpan also complies with local regulations for e-signature, digital identities and storage.

WEAKNESSES

Current turmoil in the banking industry may lead to belabored traction in just the banking sector. Since OneSpan was previously VASCO Data Security, the historical inability to gain traction in North America may continue to be a weakness. The company has shown a strong focus in EMEA, but not North America.

OPPORTUNITIES

Small vendors may offer a new perspective and capabilities complementary to OneSpan. Strategic partnerships may allow for more adaptable cross-application workflows. Our Voice of the Enterprise data shows that 61.8% of respondents view a single commerce platform for B2B and B2C experiences as being very strategic. OneSpan's e-signature and storage portfolio could easily encompass B2B and B2C scenarios.

THREATS

Established vendors like DocuSign, HelloSign and Adobe have the means to adapt to the same idea here, especially considering Adobe competes in the document workflow space.

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