
SURVEY: LEGAL CORPORATE COMPLIANCE IS A TOP CONCERN REQUIRING THE MOST FUTURE RESOURCES



“According to a recent IDC survey, Modernization of Corporate Legal, 47.5% of general counsel and legal departments view legal compliance as requiring the most additional future resources.”

General counsel and legal departments are constantly tasked with greater responsibilities, including managing the volume of legal entities comprising their organizations.

Not surprisingly, one area in need of major change is legal corporate compliance, which is seen as a complex and intensive process. According to a recent IDC survey, [Modernization of Corporate Legal](#), 47.5% of general counsel and legal departments view legal compliance as requiring the most additional future resources.

Your legal, finance and compliance departments already have a long list of critical initiatives to manage. Although important, it's a challenge for these teams to monitor tasks such as tracking compliance dates, checking the latest rules with the foreign, state and local filing offices, and preparing and following-up on required steps.

Compliance missteps can result in fines, damaged reputation, and an inability to carry out business deals. Non-compliance can also jeopardize the ability to attract investors or lead to loss of a deal.

Here we look at the reasons behind this, and what your organization can do to prioritize compliance.

REGULATORY PROCESSES CAUSING HEADACHES

For many organizations, global growth is also driving significant changes that require greater efficiency.

Experienced legal and compliance teams are no strangers to the widening responsibilities that arise when their organizations start pursuing international growth. Rules and regulations can expand dramatically, along with the penalties for not adhering to these requirements.

An area that is ripe for risk is entity management. The sheer number of entities is one issue. Plus, each entity may involve its own set of evolving rules, which greatly increases the complexity of overall entity management. Additionally, enterprises have an average of 10 or more entities across other regions.

Due to the number of entities and variety of jurisdictions, the survey identified the following top pain points for organizations:

- ▶ Regulatory change: 34%
- ▶ Volume of regulations: 36%
- ▶ Jurisdictional differences: 34%

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Organizations are managing on average 13 entities in North America alone, and have an average of 10 or more entities across other regions. In the area of international legal compliance, 13.9% indicated this area “needs significant improvement”.

When managing a global entity, not only must you stay up to date with the legal responsibilities that come with operating in multiple jurisdictions, you also need to stay on top of state and local compliance requirements (which can change frequently) and establish good governance.

THE IMPORTANCE OF RISK MANAGEMENT

The volume and variety of regulations and jurisdictions are increasing and create a large amount of risk.

Enterprises need to prioritize the management and compliance of entities worldwide. With transactions and expansions, it’s difficult to ensure you have accounted for all the requirements and executed each step properly. One missed step can risk the legality of an entire company.

Risk also surfaces when a non-compliant entity is part of another transaction.

THE NEED TO EVOLVE THE LEGAL DEPARTMENT

When it comes to legal transformation, organizations are looking at technological investments first (50%), followed by human capital investments (28%), and outsourcing to managed service providers (21%). But technology and human capital investments are not without their own costs. Implementing legal technology was identified as the biggest pain point among 64% of survey respondents.

Meanwhile, human capital investments indicate legal operations stagnation. While legal departments are growing, they are more likely to add paralegals than legal operations or attorney roles. Paralegal roles have increased by 12% as opposed to legal operations at 7% or attorneys at 10%.

THE VALUE OF OUTSOURCING

An acquisition is often the tipping point at which a company realizes that manual spreadsheets and current processes no longer work for their team. Adding the additional companies becomes too much to handle and it’s time to outsource to an external service provider with the expertise to oversee annual reports, licensing, DBAs, and overall entity management. This removes a significant burden from the team and frees them

up to take on other types of critical work, especially if they have an aggressive growth and acquisition plan.

General counsel respondents to the survey cited cost efficiencies (23%) and risk mitigation (also 23%) as the top benefits of service partnership that factored into the decision to go with an external legal services provider.

In terms of cost efficiencies, 57% of respondents say outsourcing saves the equivalent productivity and workload of at least 21 employees.



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Additional benefits of outsourcing legal services included provider expertise (17%) and the freeing up of bandwidth (17%).

MAXIMIZING LEGAL OPERATIONS WITH MANAGED SERVICES

Maintaining compliance with evolving regulatory environments is a key organizational mandate. This mandate has grown more challenging in the wake of global expansion.

Managing global entity compliance requires a lot of coordination and attention to detail. Staying on top of a variety of complex compliance requirements across multiple jurisdictions with multiple vendors can be challenging.

Working with a single point of contact to handle these jurisdictional requirements makes the process much more streamlined and efficient. Your organization can tap the expertise of partners who are trusted, on-the-ground authorities that help maintain global compliance in a secure and cost-effective fashion.

Choosing the right partner is key. Look for an experienced and trusted partner with the ability to simplify and ease the compliance burden and free them to dedicate their focus on core parts of their business.

When evaluating potential advisors, there are a few essential attributes for which organizations should look.

1. Any advisor should have experience assisting clients with the adoption of new technology and be trusted to make recommendations on customizations and field usage. To

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safeguard data, advanced security protocols must be practiced.

2. The provider should also offer comprehensive training along with project management onboarding. This should include customized, organization-specific training, not merely general instruction.
3. Finally, the right advisor should offer post-sale guidance on compliance issues, evolving regulatory mandates, and issues that might impact effective data management.

CONCLUSION

Organizations that invest sufficient resources to create a true culture of compliance are best positioned to succeed. Working with the right trusted partner can help you feel confident that you're doing everything possible to help your company succeed.

Related Services:

- > [Entity Management Services](#)
- > [Global Corporate Services](#)