

KONEXO INSIGHTS

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NEWS ROUND-UP

CRIMINALS SEEK TO TAKE ADVANTAGE OF THE PANDEMIC

In the current climate, it remains vitally important that financial institutions maintain effective systems and controls to prevent money laundering and terrorist financing. We know that criminals have already taken advantage of the COVID-19 pandemic to carry out fraud and exploitation scams through a variety of methods.

Sharp regulatory focus on procedures and checks around anti-money laundering, sanctions and knowing your clients (KYC) mean that financial institutions are generally becoming increasingly stretched and even the most robust of compliance systems and controls can show signs of 'wear and tear'.

In response to the enhanced regulatory focus on procedures and checks around fraud, anti-money laundering, sanctions and KYC, we continue to build our global remediation service to meet the challenge. The service covers customer due diligence, customer screening, complaint handling, sustainability, auxiliary services and everything in-between.

Ian Stott, Head of Financial Services at Konexo, said: 'Where firms need to amend their controls in response to the current circumstances, decisions should be clearly risk assessed, documented and go through appropriate governance. Regulators are taking a keen look at what has been happening during the pandemic and taking action. What we are able to offer is a service designed by practitioners, enabled by technology and scalable. Together we have decades of experience and know how to protect our clients.' View our service flyer by clicking below:



Global Konexo Remediation Solution [Source](#) FCA "Financial crime systems and controls during coronavirus situation"



TIME TO TURN TO 'ON-DEMAND' LAWYERS

Around the world our clients, peers and colleagues are adapting to and adopting new methods of working which includes the use of interim lawyers, operating remotely.

As a result of strained budgets, recruitment freezes and work volumes remaining high, client demand has been growing for on-demand interim resource, without an additional commitment. The launch of Konexo's Resourcing+ - a service specifically designed to deliver an ultra-flexible resourcing model - has met this need. Resourcing+ gives immediate access to high quality legal talent on a flexible basis.

In our recent podcast, Richard Hill Head of Legal Resourcing, and Joan Oh Head of Konexo Asia, discussed the similarities and contrasts between the UK and Asia against the backdrop of COVID-19 and the benefits of interim resourcing - listen to our podcast - click below.



DIRECTORS SEEK BREXIT HOME

A number of countries across Europe currently require at least one director to be resident in either the European Union (EU) or European Economic Area (EEA). For companies who have appointed directors in the UK to cover the EU, post-Brexit this will no longer be sufficient.

This change can be particularly problematic for large corporations with hundreds of entities in jurisdictions where this is a requirement (e.g. Sweden, Finland, Norway and Ireland). Konexo can assist by undertaking a thorough review of your board structures, utilizing legal entity management software and verifying information against public records and corporate books to ensure any potential issues are addressed.

We have partnered with leading global software provider Diligent Corporation, to create an enhanced and robust global offering for our corporate secretarial clients. Our unique collaboration combines core capabilities from each organization to track and manage corporate data and board papers, making them available to stakeholders 24/7/365 from any location. Read more.



IGNORE THE TECHNOLOGY TO BEGIN WITH

How to tackle digital transformation and help your legal teams start producing more for less.

Having dabbled with technology for years, the legal sector is seeing some real traction with utilizing automation to drive efficiency, ranging from managing contracts, documents and knowledge more effectively to tracking matters and cases. And that is only the tip of the iceberg, according to the Head of Technology and Transformation at Konexo, Babar Hayat.

“One area of automation that is having a real impact is robotic process automation,” he says. “Over the next year or so I think we’ll see organizations using robots to augment some of the manually intensive work that people are doing. I think we’ll see other areas like data analytics come into play too, which will drive efficiency and identify insights and opportunities.”

This may seem hard to digest in an industry not known for its early adoption of technology. However, investment in legal tech tipped \$1bn last year as law firms sought to gain the kind of competitive advantages promised by the smart use of technology. This situation has been exacerbated by the outbreak of COVID-19.



“Teams are having to deal with a lot more work for less,” says Babar. “Budgets are constrained and there are headcount freezes for many organizations. As a result, it’s not possible to achieve the same quality with the volume and complexity of work that the teams are faced with. In response, organizations have accelerated their thinking about the use of technology.”

Driving efficiency

The benefits of accelerating the process of digital transformation are obvious: by combining technology with process and people – and data it allows you to capture – you can not only make your organization much more efficient, you can find new business insights and opportunities.

“The legal industry generates a huge amount of data from its CRM systems, case/matter management systems, contract systems and financial systems,” says Babar. “We can connect and visualize this data to fundamentally transform how a team or a business operates by following the data - where is the volume by region, team, division, work type? Where is the noise? Then we can identify whether we need to tweak processes or types of technologies that can augment work people are doing.

For example, we can identify opportunities for automation to complete some of these highly manual and repetitive tasks and leave the higher value more complex tasks to teams.

On the other end of the spectrum you’ve got predictive analytics – where you can connect your internal and external data to predict future outcomes. Litigation is an interesting example, where you can use the outcome of previous cases to inform future case strategy or to get smarter on managing spend across your panel firms.

In a buoyant marketplace welcoming new entrants seemingly every day, it can be extremely difficult to “cut through the noise” and work out which technology is best for your organization. Should you build it yourself or buy in the expertise? How do you future proof?

“It’s a huge risk,” says Babar. “Some technologies require a huge investment, both in terms of budget and people’s time. But they don’t actually fix the problems that the business was hoping to solve, leading to poor adoption. That’s why I’m a firm believer that you must start with the problem first and take a technology agnostic approach, using best of breed technologies and evolving over time.”



A Legal Front Door is a more structured way for your business users to make requests of your legal teams.

Knocking on the Legal Front Door

A good example of how to do this in practice comes via the KonexoHub. We combine the best of breed tools across the entire marketplace – not just legal – to tackle different types of issues and workflows. For example, we have created a Legal Front Door, in conjunction with our Legal Managed Services.

“A Legal Front Door is a more structured way for your business users to make requests of your legal teams,” explains Babar. “Previously you’d have a business user writing an email or picking up the phone and saying, ‘can you help me do something?’ The Legal Front Door allows you to capture first time all the information you need to successfully complete a request. It then determines where that request should be routed to. NDA requests, for example, are very repeatable, routine types of work that the legal team sometimes get bombarded with. Through KonexoHub, the business user can service that request themselves via a document automation capability.

“Alternatively for more complex requests or those that require legal input, the requests can be sent to the right legal team in the right region with the right skills whether that’s in-house legal teams, your panel firms or an alternative legal service provider. All requests are tracked in a case management system, providing both the business user and the legal team with visibility on progress.



A platform for success

As the market matures further, we expect to see more convergence of technology, with companies adopting a platform approach, rather than building point solutions to solve specific issues. This will make your strategy in terms of buying in or building your own solutions even more important. So what is the best way to tackle it?

“Before you go down the route of investing in lots of technology, you need to benchmark where you are today,” says Babar. “Not everyone is at the same level in terms of their digital transformation strategy, so benchmarking where you are today is the first step in all of this.”

“The mistake that many organizations make is going out and looking for a technology solution, without necessarily knowing what the problem or challenge is they’re trying to solve. Fundamentally, it comes back to: what are your business objectives? What are you actually trying to solve? And then building a solution around solving those challenges, not getting in the technology and asking what you can do with it. Often those types of projects fail. You should almost ignore the technology to begin with. Technology is only ever part of the answer.”

Practical steps for accelerating digital transformation

Once you’ve worked out what your business issues are, you should always start small - beginning with those that are highly manual and repetitive, proving the value and impact of the change. It could be as simple as a central repository for your contracts or use of electronic signatures where appropriate. The other crucial thing is capturing data as you tackle these challenges to determine what type of process change or technology you might need to adopt in the future. It is also worthwhile considering the existing technology within your organization and whether any of this can be leveraged for the benefit of the legal team.

For example, most organizations have purchased Microsoft technologies which can help tackle some in-house legal team issues. We have used apps like Microsoft Forms, Microsoft Flow, Sharepoint and Power BI as a way to build a simple intake, case management and reporting solution. As you start looking at more complex workflows, that’s where looking externally at what technology exists comes into play.

SIX WAYS TO PROTECT YOUR BRAND

Kate Ellis, Head of The Branding Group explains how to retain brand integrity in a COVID-19 world.

1

Conduct regular portfolio reviews

Trade marks can be one of a company's most valuable assets. From time-to-time, it's worth taking a step back and making sure that your portfolio is fit for purpose. The most common pitfall I see is not keeping your trade mark portfolio relevant. Businesses evolve through product or geographical expansion, in that scenario you need to make sure you keep your portfolio up-to-date.

2

Prioritize your spend

Businesses should prioritize protecting their core brands. They need really robust protection for those brands and that's where your legal spend should be focused. And make sure your approach to brand protection is centered in the 'real world', by reference to where the brands are used. For example, if the US is a big market, make sure you're protected there.

3

Decide on your strategy

There are different strategies that businesses can deploy to protect their brands – one option is to go out and be that aggressive brand owner that disputes anything similar to their branding, including names and get-up. That means over time they have fewer and fewer people wanting to infringe them but it's an expensive and time consuming approach.





The most common pitfall I see is not keeping your trade mark portfolio relevant.

4

Be prepared for Brexit

You need to review your existing IP agreements to make sure they cover the UK, post 31 December 2020. Also, if you've only got UK rights you may want to look at seeing if you can get corresponding EU registration. There is also an issue around .EU domain names. You need a place of business or an individual based in the EU to keep that domain name. From 1 January 2021, UK companies will not be able to own .EU domain names. You'll have two months from then to transfer to an EU Group company or you'll have to transfer away from that domain name.

Listen to Kate discuss the impact Brexit will have on EU trade mark and design rights in the UK on her podcast: [Post-Brexit EU trade mark considerations for UK businesses](#).



5

Make online protection a priority

As a result of COVID-19, there's even more online activity now. Businesses that weren't online have been pushed that way by the pandemic. So what we're seeing is an increasing trend of trade mark infringement on the internet, which is going to see businesses thinking about how they're able to monitor the use of their brands online.

6

Get yourself noticed

The traditional types of trade marks are words and logos, which is where businesses are always going to prioritize their legal spend. That's fine when your logo is static and two dimensional. Where technology and businesses are going, in such a competitive market place, means people are always trying to push the envelope. They're starting to use more innovative ways for branding, which means trade marks have to be more innovative - things like color, smell, holograms, moving trade marks may need to be factored into your protection strategy.

STOP RE-PAPERING OVER THE CRACKS

With three “tidal waves” about to hit global banking and financial services, now is a good time to care about how you tackle amendments to contracts.

“There’s a storm coming,” says Brett Aubin, Managing Director and Head of Regulatory Response at Konexo. “Over the next six to eight months, there are three tidal waves going to hit loans, derivatives, general banking and capital markets products from different directions. The real crisis for our global clients is: how do they responsibly manage this? How do they do it in a cost-effective way?”

Before we get onto how to tackle the issues, we must understand what they are. First up: the Libor rate, which is set to disappear after 30+ years as the dominant rate on most of the world’s financial instruments.

“That has a lot of contractual implications,” says Brett. “Lenders can’t just swap out somebody’s interest rate without telling them or explaining it to them. The banks and many corporates are going to be impacted by this. The banks have to manage that situation responsibly.”

Brexit and COVID-19

Brexit will also have a part to play. The prospect of a hard Brexit presents a large number of issues which have an impact on contracts with customers and suppliers and they require careful analysis to see if they cater for the changes ahead. That includes who bears additional costs, who is responsible for delay and whether there are Brexit continuity clauses or appropriate relief clauses.

Then there’s COVID-19. While the financial effects are being felt already, economists fear the situation will worsen globally as we head into 2021, with large swathes of unemployment, bankruptcy and insolvency likely. This again will have an enormous impact on existing financial contracts.

“Any one of those, at any one time, would be an issue,” says Brett. “All three happening at once, all interacting with each other, will make life much harder for our banking clients. Rather than dealing with each one of those in isolation, the time has come for them to take a more holistic view. Start dealing with those things in one go and move away from the piecemeal trigger-by-trigger approach.”





Banks and financial institutions should be seriously considering the pace of their digital transformation.

Practical steps

The challenges facing banks and financial institutions are pretty clear, but what should you be doing about them? The most obvious solution is to put all your data into a single repository, so that contractual issues can be tackled en masse.

“Banks and financial institutions should be seriously considering the pace of their digital transformation,” says Brett. “If you had a three-year digital transformation journey for digitizing all your documents, there’s an argument that now, that’s a six-month journey.

“You also need to make sure you procure the right technology and services, in-line with your long-term strategy, not just ad hoc to react to one of the tidal waves we’ve mentioned. Everything you do should be building towards a consolidated and sensible future.

“Finally, you should consider having a broader contract management strategy beyond responding to individual regulatory changes. Plan for making Brexit changes, IBOR changes and non-performance changes all at the same time, so that you only have to contact the customer once.”

Utilizing technology

Fortunately, you don’t have to tackle the oncoming “perfect storm” by yourselves. We’ve been advocating a move towards a more digital approach to contract amendment for years, and have subsequently invested a lot of time and money into creating systems and processes that will allow us to save you considerable time, effort and money.

“The technology we’ve invested in manages parts of an historically manual process for you,” says Brett. “It manages them automatically with a higher degree of accuracy – and with significantly less cost and time than a human being. Of course, there are very obviously some tasks that can never be done by technology. We’ve become very good at sorting out those that can and those that can’t, which ultimately allows us to utilize technology to drive efficiency and cost-savings for your business.”

PRESSURE DRIVES DEMAND

Spotlight on new managed service in Asia

Managed service offerings have become a global phenomenon, as alternative legal providers increase their geographical footprint. Konexo is one of the first to open a managed service delivery center in Malaysia this year, servicing clients across Asia.

“The volume and diversity of work on GCs desks has grown,” says Joan Oh, Head of Konexo Asia. “This has exploded over the course of the pandemic and on the back of years of increasing regulatory change.”

With pressure from boards to find cost-effective ways to process legal work, legal managed service offerings are expecting to see a growing market for their services.

“The key to success of the sector is blending traditional legal skillsets with technology, efficient processes and project management excellence,” says Joan. “Collaboration, regulatory insight and jurisdictional presence are key to what makes for a successful client-provider managed service relationship.”

There are a number of drivers propelling the move to outsourced legal managed services but none are more true than the need to remove volume and often repetitive work from overstretched in-house teams.

“This type of work isn’t commercially or strategically a priority but has to be processed and dealt with,” says Joan. “The ability to remove this from legal teams makes sense to GCs and their boards.”





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WHAT'S TO COME...

Resilience and transformation: COVID-19's acceleration of trends within legal teams

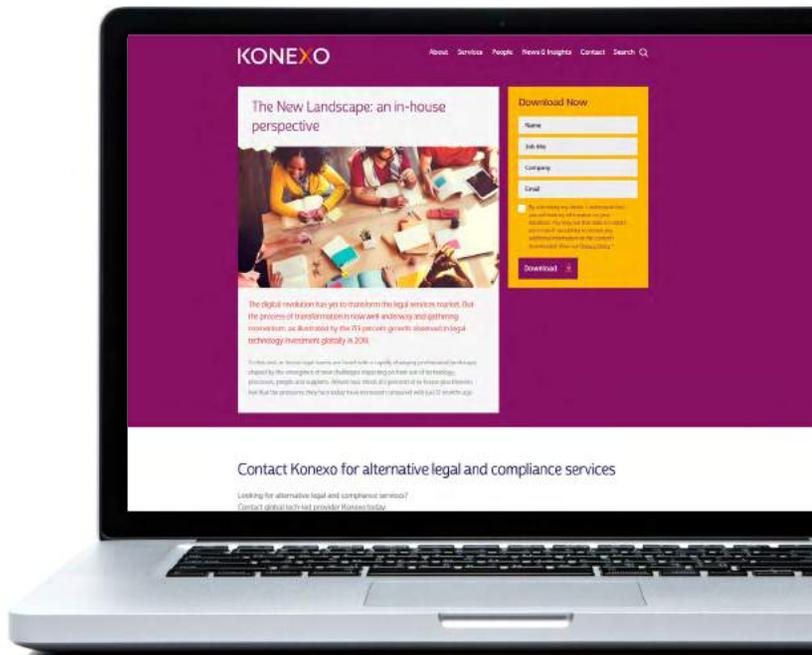
In November 2019, our report **The New Landscape: an in-house perspective**, explored the strategies and transformation taking place within in-house legal teams. This was pre-COVID, now 12 months on we are revisiting the challenges, aspirations and findings of the research to explore how COVID-19 is impacting them. With particular focus on evolving strategies, team culture and digital transformation, we are interviewing those responsible for legal teams and exploring what has changed, continued and transformed in the last, turbulent, 12 months.

The series of insights and interviews will be hosted on KonexoTV, our YouTube channel, launching from 9 November 2020.

Let us know the topics and content you'd like us to cover in this quarterly publication.

insights@konexoglobal.com

We would be delighted to receive your feedback on this edition and the stories covered within it. Use the link below:



konexoglobal.com

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