



Why should companies consider legal managed services?

Rossana Chu / Jacky Chan
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A corporation may adopt legal managed services to facilitate its compliance functions across different jurisdictions

Legal managed services integrate customised legal technologies, process management and trained staff. They are particularly useful to corporations that operate in different jurisdictions, handle high-volume contractual relationships, and have to comply with rapidly changing legal and regulatory requirements.

The benefits of legal managed services include better cost control, data accuracy, effective allocation of manpower, data analytics, enhanced risk management and flexibility to enable companies to cope with today's ever-changing regulatory landscape. EY is one of the global organisations that offer quality legal managed services. The following are examples of how those services are applied.

Contract lifecycle management

While contracting often gets little attention, it is one of the most important functions within an organisation. Contracts structure most companies' supply chains and, for business-to-business companies, define their interactions with their clients. For law departments, contracting represents a complex challenge. The contracting function within most law departments requires

managing a wide range of voluminous contracts for an equally wide range of internal stakeholders who expect quick turnarounds and responsive service. Contract lifecycle management services can help corporations cope with these challenges by:

- Organising policies and playbooks, developing template standards, and standardising risk review;
- Applying playbooks and template standards to individual contracts, allocating manpower in contract creation and communication with business functions, and facilitating e-signature and e-execution;
- Setting milestones for contract implementation, monitoring compliance with legal requirements and performance of obligations, and setting schedules for contract review and renewal;
- Keeping records of contracts in central repository; and
- Extracting information from legacy contracts, conducting data analysis, and providing feedback to improve playbooks and template standards.

Recently, contract lifecycle management services have been used by different types of corporations for different purposes, for example:

- (1) A global consumer products company uses the services to improve its purchasing function and its procurement contracting system for its operations in 70 countries, create 300-plus templates and 39-plus playbooks, and establish contract database with 6,000-plus relationships. The company thus reduces contract turnaround times by 60%;
- (2) A global bank utilises the services to realign buy-side contracts and facilitate 75% of total contract volume. Through those services, the bank improves business response and closure times by 65%, realises 5% additional savings each year, and facilitates self-service for 15% of work; and
- (3) A global manufacturing company improves its buy-side contracting via the services, which helps it to re-engineer purchasing contract processes, creates new assignment and monitoring systems, standardises playbooks and facilitation procedures, increases contract reviews from 50% to 100%, and eventually reduces turnaround times from five to two days, and the cost per document by 36%.

Other examples include interbank lending rate transition projects, the General Data Protection Regulation, Brexit contract remediation, M&A legal due diligence and contract review, supply chain contract standardisation, and lease contract management.

Entity compliance and governance

Compliance is a government mandated process imposed upon firms to ensure specific governance structures and

appropriate business conduct. It covers a wide range of business and legal areas ranging from data protection rights, and periodic reporting to regulators on cross-border tax issues.

To cope with the challenges of ever-increasing operational, governance and reporting requirements, a corporation may adopt legal managed services to facilitate its compliance functions across different jurisdictions by taking the following steps:

- (1) Applying legal technologies to review documents relevant to the legal good standing and compliance status of all entities in the corporation;
- (2) Organising digitised versions of those documents in an online repository easily accessible to members of the transactions team;
- (3) Setting standards and timing for compliance in the system, so that statutory filings and compliance functions will no longer depend primarily on the judgement and diligence of the staff handling those functions; and
- (4) Putting in place measures to co-ordinate the compliance and other functions, and to ensure information is provided on a timely basis to be included in the corporate records.

Research and regulatory mapping

A variety of regulations, directives and law shapes a company's everyday operations, both internally and externally. Many businesses operate in environments where regulatory changes occur frequently and any delay in comprehending and responding to these changes may lead to negative business consequences and serious risks.

Research and regulatory mapping should be part of a business's compliance programme. Through introducing legal managed services, a corporation may meet its legal and regulatory obligations by:

- a. creating inventories of the voluminous and rapidly changing laws and regulations from applicable jurisdictions around the world;
- b. mapping and tracking updates in laws and regulations relevant to risks, policies, controls, procedures, training, tests, assessments and any other elements of its business;
- c. identifying gaps in internal policies and procedures that may require changes to ensure compliance;
- d. establishing a defensible regulatory change management process that tracks accountability for assigned tasks, establishes priorities, and determines the appropriate course of action; and
- e. putting in place ongoing reporting, testing and auditing to ensure accountability, compliance and continual improvement.

Key takeaway

Today, it is important for companies to make use of technologies, even for their legal functions (an area which was not technology-driven in the past), in order to handle high-volume contractual relationships and remain compliant with an ever-changing regulatory landscape in a cost-efficient manner.

KEY CONTACTS



Rossana Chu
Managing partner
Rossana.Chu@eylaw.com.hk
+852 2629 1768



Jacky Chan
Associate
Jacky-ch.Chan@eylaw.com.hk
+852 2675 2167

Contact us

LC Lawyers LLP
Suite 3106,
31/F One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong
Tel: (852) 2629 3200
Fax: (852) 2956 1980
https://www.eylaw.com.hk/en_hk

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