
Driving Strategic Growth with a Centralized Corporate Record



“Modern governance is about surfacing the right information to the right people, so they can make better decisions and ask better questions.”

Neil Barlow

Senior Director of Global Sales
Diligent Entities

COVID-19 has upended the ways global companies do business. The sweep of stay-at-home orders, disrupted supply chains and new customer behaviors have placed organizations in crisis mode. Yet concurrently, the transformation of the global business landscape has—as in previous crisis situations—opened up new opportunities for mergers, acquisitions and strategic growth.

“History has shown that amongst the big winners from the post-financial crisis following the 2008 downturn were those companies that acquired quality assets.”

Andrew Miller

Partner
[Shoosmiths](#)

Crises and opportunities both force companies to swiftly evaluate evolving conditions and make informed decisions—a process the general counsel (GC) is a vital player in. The GC’s oversight of legal issues and compliance across a company’s jurisdictions offers a valuable perspective into risks, costs in the operating landscape and more. Effective GCs can help their companies be more agile and more strategic when growing sustainably into the future.

GCs too often play a reactive role, acting when called upon to address crises or a strategy already in place. However, this scope is evolving to make GCs a proactive influence on business decisions. When Gartner surveyed 97 GCs from around the world this year, the assessment revealed that:

- Effective GCs spend 48% more time on strategy and 43% more time offering business guidance
- Effective GCs are 51% better at executing corporate initiatives and 50% better at identifying emerging risks
- Effective GCs save 27 days per year and are interrupted on 38% fewer projects

The right tools can help GCs close the gap and take on a more proactive, opportunity-minded and dynamic role at their business. A centralized corporate record is one such tool.

Recently, Samantha Wellington, SVP, Chief Legal Officer and Secretary at TriNet, spoke with Neil Barlow, Senior Director of Global Sales at Diligent Entities, to discuss the power and potential of a centralized corporate record, particularly for GCs looking to facilitate and empower sustainable growth in their organizations.

The Power of a Single Source of Truth

“Effective entity governance is a team sport. It’s the ability to understand what every team wants so you can effectively create that single source of truth, and everyone can grab the information they need to complete different business processes.”

Samantha Wellington

SVP, Chief Legal Officer and Secretary
TriNet

A centralized corporate record is a single system that stores data and information for tax, legal, finance and compliance business units. Additionally, it consolidates all the forms, documents and data for a corporation’s subsidiaries. This includes vital information like operating licenses, corporate registrations and signing authorities.

Centralizing information builds trust in data, simplifies compliance, reduces reporting deficiencies and makes processes more efficient.

“When you have a single source of truth, it makes your life so much easier if you are the chief legal or compliance officer,” Wellington said.

For Wellington, a single source of truth means all the parts of a company are “drinking from the same data well.” Consistent data collection and reporting across entities builds trust in data by putting it in a single place and eliminating the need for duplicate systems and processes. All departments contribute their information to the communal well and draw from it the information they need.

“If people have to update [their own system each time] because they have a different system of record, then you don’t have a single source of truth. The idea of getting to success...doesn’t look like people updating a system. It looks like people relying on the system.”

Samantha Wellington

SVP, Chief Legal Officer and Secretary
TriNet

Doing More with Less

“If you’re requiring people to update multiple systems and do double work, you’re not actually meeting your goal of doing more with less.”

Samantha Wellington

SVP, Chief Legal Officer and Secretary
TriNet

Working from the same data is just the beginning of how a centralized record can save a GC—and an entire organization—time and effort. Consider, for example, that a corporate secretary must manage 100 or more unique data points for every entity in a corporation, and that a corporation’s entities can number into the hundreds or thousands. Dealing with all of these data points involves a tremendous amount of manual labor and correspondence, which can slow down the due diligence process, impede post-merger integration and more.

“Another data issue that is complicated by M&A transactions is that of multiple information silos throughout organizations. M&A activity compounds this problem by creating more information silos within organizations. Different silos across companies will house duplicate and conflicting or outdated information.”

Kelvin Dickenson
President
Opus Data Management Solutions

A centralized corporate record, as the single source of truth, reduces friction and increases efficiency, making it easier for organizations to act on opportunities and trends.

Moreover, that centralized record allows for even swifter action on strategic opportunities when it's part of a robust entity management solution. Unlike a manual spreadsheet, an entity management solution can be equipped with time-saving features like templates, e-filing, reports that autofill, automated document verification and compliance calendars.

By answering questions commonly pointed toward GCs, centralized records that are part of an entity management system free up a legal team's time for higher-level tasks and opportunities by reducing redundancies, manual labor and cycle time.

Now is the time for forward-looking GCs to bring such systems on board. The Gartner survey reported that companies that invest in their legal operations have 30% lower legal spend than companies that don't.

“You only have to deal with data once instead of multiple times. You're just using your time in a more optimal way that enables you to cast your attention to higher-value elements.”

Samantha Wellington
SVP, Chief Legal Officer and Secretary
TriNet

What to Look for in an Entity Management System

- An integrated view of financial, tax, compliance, legal and other departmental data
- Customizable templates for consistent data collection and quick, easy reporting
- Workflows and user permissions adaptable to your organization's specific requirements
- Automation for functions like document verification
- Electronic filing, reporting and voting
- Compliance calendars and alerts
- Seamless integration with other governance solutions
- Security, including compliance with GDPR and other relevant data protection regulations

Using a Centralized Corporate Record for Mergers and Acquisitions

“If you need a license to operate in a jurisdiction and you just don't have those records, is that going to kill the deal? Maybe so.”

Samantha Wellington
SVP, Chief Legal Officer and Secretary
TriNet

COVID-19 has not stopped M&A activity. In fact, a *Harvard Business Review* survey [earlier this year](#) said nearly one in four (23%) C-level executives reported either “no impact in 2020 forecast deal volume” or an intent to accelerate deal volume. As one acquirer told *Harvard Business Review*, “Post-COVID, we reasonably expect a once-in-a-generation sea change in the market landscape and potential target companies that come available.”

Whether an organization is looking to acquire or be acquired, a centralized corporate record can help businesses seize these opportunities—and help GCs grow in their strategic role—at many stages of the process: due diligence, opportunity evaluation and post-merger integration.

“Buyers are mapping out their ideal acquisition targets right now.”

Elsa Berry

Founder

Vendôme Global Partners

Each M&A opportunity starts with an intensive review of corporate records, stockholder information, litigation history financial information and more. The COVID-19 crisis has added significantly to issues like [supply chain security and crisis-related termination rights](#) that were previously considered lower priority.

“Diligencing a company without a centralized system is incredibly difficult,” said Wellington, who worked on M&A activities for Oracle before joining TriNet.

“Say you have a company in the United States with an entity in the UK and a branch office in Hong Kong, and none of the paperwork has really been kept in any central location,” she said. “Or, you’re trying to find a data filing in Germany on Monday morning German time and everyone in the U.S. who has that particular element of data is asleep.” A centralized record streamlines the process by putting the relevant data in one place, with the right controls.

This single source of truth also helps companies see how a potential acquisition fits into the broader picture. With a centralized record and entity management system, GCs can quickly and thoroughly advise how an acquisition affects their company’s legal standing, operations, finance and compliance—and spot red flags.

The Chartered Governance Institute [cites a cautionary tale](#) about why such visibility is necessary. A multinational company discovered long after a portfolio acquisition that an entity in the portfolio had not filed its company statements in a decade. As the entity’s original directors could not be found, the multinational’s only options were pay a hefty fine and dissolve the entity entirely, or wait for the local government to dissolve the entity of its own accord.

A robust entity management system provides GCs with valuable intelligence for avoiding situations like these and making sure post-merger integration goes smoothly. The centralized record provided by an entity management system ensures the GC has local assets, acquisitions, filings, regulations and more at their fingertips without cumbersome information requests across global offices.

Wellington gave the hypothetical example of attempting to integrate an acquired company with entities in Germany, Colombia and Singapore, where the parent company already has operations. “It’s a lot easier when you know exactly what you’re dealing with.”

Strengthen M&A with a Centralized Corporate Record

- Swiftly assemble the right data for due diligence
- Evaluate opportunities through a single source of truth
- Reduce friction and inefficiencies during post-merger integration

Leveraging a Centralized Corporate Record for Organic Growth

“As organizations look to grow and increase their total addressable market, many are looking to expand into new jurisdictions. It creates new levels of complexity because there are new obligations that you have to abide by.”

Neil Barlow

Senior Director of Global Sales
Diligent Entities

According to Deloitte, [organic growth](#) “sends powerful signals to investors and talent alike about [the organization’s] health, its ability to innovate, and its potential future performance.” All of these factors are vital for companies aiming to survive and thrive in today’s challenging business landscape.

More and more in today’s global world, organic growth and market expansion lead businesses into new countries. New jurisdictions mean new rules and requirements, and they introduce a host of questions:

- What are the legal and regulatory costs of entering a new jurisdiction?
- How would the company’s compliance obligations change?
- Would it be more advantageous to establish a new legal entity in this jurisdiction or enlist a local partner to act as the company of record?

“How do you put a good process in place for expanding into those jurisdictions, and how do you put the process in place for maintaining that information so that you have no uncertainty over compliance?” Barlow asked.

A centralized corporate record, particularly when part of an entity management system, can help. First and foremost, it puts all the relevant data in one place, with the relevant controls. Not only does this create a single source of truth, it provides for good governance practices—for example, building policies, measurement and reporting systems, assessing risk, and assigning ownership and accountability. This empowers GCs to proactively advise on new opportunities and ensure more confident, efficient compliance when the company does decide to expand into a new jurisdiction

“Europe, the epicenter of the outbreak for most of March, garnered consistent interest across the first quarter of 2020. Velocity Global received more enquiries from businesses planning a move into the continent in this period than in any other quarter over the last five years.”

Ben Wright

CEO
Velocity Global

Avoid Reinventing the Wheel

A centralized corporate record, particularly when delivered through an entity management system, empowers GCs to seamlessly fuel good governance practices across jurisdictions and business units.

One of a centralized corporate record’s best efficiencies: retaining and reusing assets and rules to eliminate redundancies and save time.

From basics like entering a company name and registration number, to setting up a signing authority and slate of directors, 80% of processes are going to be consistent around the world, Wellington said, drawing from her experience handling global integrations and expansions with Oracle. “Standardize that as much as possible,” she said. “You’ve just freed up a huge amount of time.”



“Eighty percent of what you need to know is going to be consistent around the world. It might be called something slightly different and the requirements might shift a little, but if you live by the 80/20 principle, you’ll make things easier on yourself when going to new jurisdictions.”

Samantha Wellington

*SVP, Chief Legal Officer and Secretary
TriNet*

Streamline Organic Growth with a Centralized Corporate Record

- Securely provide entity and subsidiary information to those who need it
- Easily report on governance and compliance requirements
- File required forms with regulatory bodies around the world
- Reduce friction and increase efficiency through compliance calendars, reminders and customizable workflows

Make Diligent Entities Your Single Source of Truth

In times of crisis and calm, Diligent Entities helps organizations master entity management. Store entity information, documents, charts and more in a single, secure place. Supply the right information to the right people at the right time for due diligence, post-merger integration and company expansion. And manage the ongoing accuracy of data vital to compliance, risk, strategy and sustainable growth—through COVID-19 and into the future.

Learn more about how Diligent Entities delivers the efficiency, accuracy and power of a centralized corporate record.

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Visit: learn.diligent.com/entitymanagement

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