

WHAT DOES BEST-IN-CLASS ENTITY MANAGEMENT LOOK LIKE?



“In this article, we explore the importance of entity management and what you should look for in a best-in-class solution for this critical task.”

Entity management requires expert knowledge in the jurisdictional differences, cultural customs, and ways of doing business. While many corporate legal departments leverage technology in day-to-day operations, many are failing to take advantage of entity management solutions that are currently available.

A new survey by IDC, [Modernization of Corporate Legal](#), found that while 92% of general counsel and legal departments use contract management software, only 41% are using entity management software. This indicates that most entities may still be managed manually.

Furthermore, 43% say that there is room for improvement when it comes to entity management. The two main reasons for outsourcing to managed legal service providers are to reduce risk and manage cost efficiencies (23%) and provider expertise and bandwidth (17%).

In this article, we explore the importance of entity management and what you should look for in a best-in-class solution for this critical task.

ENTITY MANAGEMENT CHALLENGES

Global growth is a driving force for change across legal departments. As the business scales and more jurisdictions come into play, entity management becomes increasingly challenging.

Companies are often composed of any number of subsidiary entities — all of which must be managed to ensure proper compliance and governance. Many of these tasks are extremely mundane but necessary. Any failure to perform these functions can lead to penalties and business disruption.

This problem is compounded by jurisdictional differences in the way laws are administered, such as customs and regulations in specific industries, as well as constant regulatory changes — all of which create exponential growth in complexity.

Another challenge is data accuracy. The process of manual data entry is prone to error, and individuals may be asked to input and maintain over 100 unique data fields on a single entity. What also makes data accuracy and management so complex, especially with entities in multiple countries, is that data extracts look different from country to country, and each jurisdiction has its own specific way of how it wants data to be reported as well. So, you can imagine how complex it can be to make data consistent across the board — plus considering that most of it will be in the local language.

Unlike with contract management, the knowledge required for entity management can't be easily distilled into software. When it comes to the nuances in overseeing entities between

continued on page 2

This information is not intended to provide legal advice or serve as a substitute for legal research to address specific situations.

WHAT DOES BEST-IN-CLASS ENTITY MANAGEMENT LOOK LIKE?

jurisdictions, as well as the need to keep up with changing regulations, even skilled in-house teams can struggle with entity management.

HOW BEST-IN-CLASS ENTITY MANAGEMENT CAN TRANSFORM OPERATIONS

The right entity management solution can help your company achieve several mission-critical objectives.

First, such a solution fulfills the need for accurate, up-to-date information. Having standardization processes helps to ensure data integrity and reduce risk by eliminating repetitive, manual data entry. Additionally, the work is underpinned by the support of local expertise that can update information and process it in the system to reflect changes in jurisdictional requirements. You can rest assured that your entity data is not only complete but current.

Entity management solutions also foster departmental cross-collaboration. Given the large number of stakeholders who may need access to data — tax and finance departments, auditors, general counsel, corporate secretary, paralegals, and finance, for example — facilitating close collaboration and data accessibility are important objectives. Data accessibility also plays an essential role in supporting transactions. Having accurate entity data furnished in a timely manner can have a huge impact on whether a deal goes smoothly.

Finally, adopting the right entity management solution enables the creation of a database of record — a resource that allows multiple stakeholders to access the same data source. In other words, a single source of truth for corporate records.

Here are some examples of where companies have achieved greater efficiencies with an entity management solution:

- ▶ Seamless integration of filings and transactions with a central system of record
- ▶ Additional bandwidth created by the inclusion of a Managed Service Team into the entity workflow
- ▶ Shifting employees from data inputters to data managers
- ▶ Documenting corporate actions and other entity-driven events
- ▶ Reduced time for updating data in your central system of record

- ▶ A central communication point to receive and document information from entities around the globe
- ▶ Easy and secure distribution of information to relevant teams within your organization

WHAT TO LOOK FOR IN AN ENTITY MANAGEMENT SOLUTION

The expertise and willingness of your chosen vendor to provide ongoing support beyond implementation play an important role in keeping you current with industry best practices. Carefully assess the vendor's capabilities, infrastructure, and adherence to security and quality standards. Ask about their track record for successful system implementations, training programs, as well as their handling of complex or unexpected situations.



“The right entity management solution can help your company achieve several mission-critical objectives.”

Look for data management that gives you the most flexibility, and that can automate as many routine processes as possible. For example, a system that integrates your entity data with jurisdictional rules and tools will automate compliance tasks. The ability to access your data from multiple perspectives — for example, by ownership, locations, and time frame — helps you quickly respond to internal requests for information.

An entity management system fuels many corporate activities with vital information, so another key area to assess is how well the system can drive timely, secure collaboration across your organization. Good indicators of this include the ability to allow an unlimited number of users, and whether the system offers robust and flexible reporting capabilities.

Once the vendor meets these baseline criteria, next assess for level of support, quality of data management, and ease of use.

CONCLUSION

Entity management is a central function of corporate governance for compliance professionals. Technology, plus industry expertise and world-class service, can help

continued on page 3

This information is not intended to provide legal advice or serve as a substitute for legal research to address specific situations.

WHAT DOES BEST-IN-CLASS ENTITY MANAGEMENT LOOK LIKE?

you manage, access, and share corporate data at a moment's notice. Consider evaluating your own entity management practices to see whether an entity management solutions provider can streamline your compliance and governance processes.

LEARN MORE

To learn more about how CT can help you navigate your [entity management needs](#), contact your CT Service Representative or call (866) 692-1202.

Related Services:

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

Related articles:

- › [How companies can master entity management](#)
- › [5 ways general counsel are overcoming the challenges of global entity compliance in a changing world](#)

This information is not intended to provide legal advice or serve as a substitute for legal research to address specific situations.