



Podcast transcript

Trends in business reorganization and M&A from a legal perspective

Podcast with Stuart Fuller, Head of KPMG Law and Global Legal Services for KPMG International, Peter Workman, Partner, KPMG Law in the UK. Christian Hensel, Partner, KPMG Law in Germany. Paula Yu, Senior Partner, SF Lawyers for KPMG in Shanghai and Luciana Lorenti, Head of Legal at the Ferraz De Camargo E Matsunaga - Advogados in FCAM

Musical intro

Announcer:

Hello and welcome to The Future of Legal podcast for GCs and Legal leaders.

M&A, deals and transactions are expected to boom in the post-pandemic world as many organizations look to deals to as a preferred strategic option for accelerating growth and shoring up recovery. We have been looking at this development from a from a tax and broader market perspective in recent episodes of our Future of series, and today, we look at the legal considerations, predictions and trends in M&A.

To lead this discussion, I am pleased to hand it over to Stuart Fuller, Head of KPMG Law and Global Legal Services for KPMG International, who is joined by a panel of professionals in the space.

Stuart, over to you.

Stuart Fuller:

So great, thank you for the introduction. Today we're going to look at trends in business reorganization and M&A from a legal perspective, that there are some key themes that are emerging during this period of recovery. And as we go through today's, discussion, you will hear about corporate reorganizations. We're seeing a lot of demand from clients in this area; whether it's for strategic reasons, business change, raising liquidity or capital. Or just positioning businesses to take better advantage for growth. So, to help us explore this topic in more depth, I'm pleased today to be joined by a number of my esteemed colleagues. And we have Peter Workman, who's a partner of KPMG Law in the UK. Christian Hensel, who's a partner of KPMG Law in Germany. Paula Yu, who's a senior partner of Shanghai SF Lawyers for KPMG in Shanghai. Luciana Lorenti, the Head of Legal and an attorney at the Ferraz De Camargo E Matsunaga - Advogados in FCAM; who's our firm we usually work with in Brazil. And last, but certainly not least, Anna Balinsky, a partner and the Managing Partner of KPMG Law in Canada. So, our first topic is the state of play. What are we seeing, and what are some of the trends we're seeing in the market today?

At KPMG Law we're seeing an increase in interest from clients in relation to business reorganization in the current market. So, what type of approaches are we seeing clients take when it comes to deals? So, maybe Peter, if I go to you first; followed by Paula and then Anna. So, Peter...

Peter Workman:

Thanks Stuart and hello everyone. Well, you know, as Stuart said, we, at the moment, in the midst of an absolutely red hot, global deals market. And, and for me this has been fueled primarily by an historically low cost of capital. Which means corporates and financial buyers such as private equity, are looking to deploy this capital to really accelerate growth and gain scale, and, and digitize their businesses to, to pivot to the current, environment that we're operating in. But I'd say the interesting thing to me, and one of the things that's really driving a difference in approach is that, you know, the M&A transaction that hits the headlines, that's only half the story, for me, because for every M&A transaction that you read about, there's an associated business reorganization that sits behind that, or alongside it. For example, you know, rationalization of structures following a change of ownership; pre-sale business carve-outs; post-sale integrations, or IPA readiness, where organizations are spinning off a particular division. And my view actually is that's where we're seeing the really interesting, different approaches to these types of transactions from, from some of our clients. Paula, what, what are you, what you seeing?

Paula Yu:

We have seen a substantial increase in cross-border restructuring, you know, involving China. And, honestly speaking there's, there has be a move of, due to supply chain reasons, you know, a move of, M&C's out of China into south-east Asia, possibly you know even, back to Europe or North America. And, that has a lot to do with the, the sometimes, intensified relationship between China and, a lot of countries. But at the same, due to China's performance, you know, during COVID-19, we have seen an increased interest of, you know, our smaller and medium-sized, M&C's coming to China. They will actually, you know, take advantage of the scale of the size of the Chinese market and they will like to, you know, sometimes pair with, joint venture partner in China just to explore the China market. So that's the reason why we have seen, you know, the moving in and out of M&C's, so which, you know, give rise to a lot of restructuring work.

And the same time, you know, they have, we have enjoyed an extremely active, stock market - secondary market. As a result, you know, there have been a lot of restructurings, to qualify. Originally, a Chinese subsidiary and now a list go in China for an IPO. And, and that has, you know, given rise to a lot of, restructuring work. So I think, that gives, KPMG with, substantial global legal network. A lot of opportunities in these type of projects. Anna, what do you see in Canada?

Anna Balinsky:

Like you and like Peter we're seeing a, red hot global M&A market. What I think has changed, I mean and some of it is for the reasons Peter mentioned with our low cost of capital. There is a lot of people who are sitting on capital pending, after coming out of the pandemic. They had sufficient capital to get through it, but they now want to deploy. One thing that we're seeing a little bit more of is more creative pricing structures, because you're no longer able to look back for 12 months and look at, you know, a multiple during the pandemic period. Because for some companies like food delivery companies it would be a much higher valuation than you have in for other companies, and you know, entertainment hotel, the valuation would be off. So what I'm seeing now is a reemerging trend doing much more larger portion of the purchase price being based on earn-outs to try and account for the pricing uncertainty that, the last year, year and a half has left. Related to that, we're also seeing a lot more deals where the sellers are taking an interest in the buyer to try to also to bridge this pricing gap and that's led to far more reorganizations because the organizations need to be restructured to allow the buyers to effectively take that position. So that's what I've been seeing kind of in the last few months, Stuart.

Stuart Fuller:

Great thanks, Anna. Well I think that was a terrific introduction into some of the commercial insights and moves in the market that we're seeing. So Christian and Luciana, let's sort of come back to the legal area just for one second. So, what are some of the key legal and commercial challenges that we're seeing in this environment when it comes to transactions? So, Christian, over to you.

Christian Hensel:

Thanks Stuart. Yeah well take for example the automotive industry that we are working quite closely in the last, let's say decade here at KPMG Law. They are facing a rapidly changing market. You have the digitalization aspect, and you also have the electro-mobility aspect. And both of these aspects are really, you know, being a challenge, for bringing these companies to a successful future. Most of these clients you see now, are actually thinking about either staying with the internal combustion engine and being somebody like the "last man standing" on the market. Or carving the business out and selling it. And both are really high challenges that are changing the German, but also I would say the worldwide market in this big industry. And, that is a perfect example, of how we work together in this group actually of people, but also with other colleagues, from also the tax and valuation teams. And this is not only a legal, but also a legal, challenge that they are facing and of course, I mean we're happy to help there. Luciana, what do you think?

Luciana Lorenti:

Yeah I, I agree with, everything here. I just would have liked to, to point out two important topics that we have in Brazil. One is the new insolvency law, that, allows any creditor or any person to acquire assets in our corporate reorganization proceeding without any type of legal succession, including terms of environment and corruption. So, we think that there will be an increase of M&A transactions within this area which makes lots of sense due to the pandemic situation that companies are facing financial difficulty here. But the challenge is that this kind of proceeding in Brazil is too expensive because we have lots of stakeholders, so on one hand we think that there will be lots of opportunities for M&A transactions in this kind of reorganization. But on the other hand, it's too expensive. And another important topic that we need to mention here is the tax reform. We are discussing now huge tax reform in Brazil. That thanks, to eliminate some tax benefits that are very typical from Brazil just like, the possibility of reorganization business, at book value - amortization of goodwill. So we also think that from now until the end of the year that will be a race for the conclusion of M&A deals because, people will like to take that advantage of the current laws, instead of going to the new laws that will be enforced as from next year.

Stuart Fuller:

Great, thanks for that, Luciana. Well these transactions, whether we're dealing with a local, or a regional, or a global business reorganization or M&A transaction; they're large, complicated transactions. So, I'm quite interested to see what changes that we're actually seeing in the role of legal departments in these deals. Particularly over the last two to three years, and also in the wave of the last 12 to 18 months in COVID-19. So maybe Peter and Anna, some views from you on that question?

Peter Workman:

Thanks Stuart. So, I mean you've hit on the key point there, you know. If you look at, if I focus on the international business reorganization piece, you know. I think for me, there's been a growing recognition, and definitely over the last two to three years by General Counsel and Heads of Legal, that these projects are unique. They're complex, complicated beasts and, and they require a different set of tools, in order to deliver them successfully. They're big, they're complex. They're often long running. And I think there's three key things that have come out from me that I'm hearing clients are demanding now from their advisers to help facilitate the legal departments to deliver these projects. So that's very strong and centralized project management capability. Which brings together, a range of disciplines in terms of professional advice; be it tax, legal, accounting, advisory, plus, plus, plus. And also on top of that, to bring together all the different, specific jurisdictional advice. A representation of which you've got on this call. The second thing for me that I'm hearing loud and clear is that technology solutions to facilitate these deals have gone from a nice to have, to an absolutely must have. You know, it's a non-starter not to have a technology platform to deliver these projects. And then thirdly, for me again what we're hearing loud and clear is that clients want advisers with deep specialism in these types of projects. So, if you're talking an M&A project, they want M&A lawyers.

But if you're talking a large complex international business reorganization, they want lawyers, they want advisers with deep specialism in that. They don't want M&A lawyers that are trying to do international business reorgs. Anna, I don't know what you're seeing.

Anna Balinsky:

I'm seeing some of the same and some things that are a little bit different. I'm not seeing as much on the specialization, but that could just be because Canada's such a small country that we can't necessarily have that degree of specialization. But what I am seeing is an acknowledgement that these are specialized skills and what I mean by that is if I go back five, six years ago, there had been a trend for General Counsel to try to move a lot of this in-house and to just come to external lawyers for small parts of it. And I think, I've seen a recognition in the last few years that that's just not an efficient way to manage things and they really are looking for the external counsel to take on the project management, the technology aspect. The other thing I've seen a lot of from General Counsel, more specially in the wake of COVID-19 the last year is, they're looking for creativity a lot more than they used to. In that it used of kind of be these are just, easy or they're just paper, move them around. Now they're realizing that there is real potential liability and real potential risk surrounding these. And they're really looking for their lawyers to help them mitigate that and understand it much better in a way they might not have previously, when they would've have just said, "Oh get rid of that company, I don't care." So that, that's been a huge change in the face of COVID-19, is I'm seeing more of this moving back outside to specialists. Thanks.

Stuart Fuller:

That's great and I think your comment, Peter, around good lawyers with technology and project management and jurisdictional coverage is a great way to sum up a way to deliver deals and certainly the complexity of driving the need for that broader solution. So, let's move onto the next theme we're talking about which is, you know, some of the challenges that our clients and their businesses are facing in this market. So, I'm going to come to Paula, Christian and Luciana with just sort of an introductory question around, you know, the biggest challenges and the opportunities that you see clients facing in this market when it comes to deal execution. So, it really follows on from that last question around deal execution. And, what do you think are some of the factors that are influencing both the challenges and the opportunities that our clients are facing in this area. So, Paula to you first and then to Christian and then Luciana. Thank you.

Paula Yu:

Yeah Stuart, thank you very much for the question. I think in the, in comparison with a lot of international corporate clients, Chinese clients are relatively, they're very smart, but they're less experienced and sophisticated, in terms of international M&A transactions. So that's the reason why, taking an example of the very recent deals we just closed representing a consortium of you know Chinese investors, now acquiring \$180,000,000 US dollars carve out business of a Legal 100 company. And I think, just the first challenge will come from, the client's, lack of experience with especially international bidding procedures. So that's the reason why, it requires the lawyer to be more than a lawyer, or legal adviser.

A lot of times you need to be the PMO coordinating the entire process, right? And I actually served the dual-role of a financial adviser and a lawyer, while charging the clients only for the legal fees, for that particular transaction. And the second matter, comes, after a second challenges comes after the execution of a share purchase agreement. When given the fact a deal is related to the carve out business of a major company. So that's a philosophy, or a different ways of running a business, between a multi-national corporate client versus of a Chinese private only client. And so luckily, on the platform of KPMG, we do have assistance from the Strategy Team of advisory and which is specializing in separation integration of such a carve out businesses. So, for that particular project I think it was on the unified platform of KPMG that we were able to successfully close this deal and win the trust and recognition of the client. So I think that's presents and the challenges, to the client, but definitely an opportunity for KPMG as a unified service provider. So, what do you think Chris?

Christian Hensel:

Yep, I strongly agree Paula with what you said and also what Peter said earlier. These business transactions; these IVR transactions, they are calling for someone who provides a solution. It's not the normal lawyer that goes to court and then back home again. It is really somebody who provides a solution, with regard to the transaction that is envisioned. You don't only need the legal knowledge, you also need your tax and valuation colleagues. And you don't need them only on-board in your home to have jurisdiction. You also need them on-board of course worldwide. So you have multiple disciplines involved. You have multiple jurisdictions involved, and often you have several processes involved, because you also need IT for example. Or you want to have a carve out implementing in the course of an M&A deal, so there are many works streams to coordinate. And that's that we are seeing exactly as well in Germany that the client is facing an enormous PMO problem I would say. And that is why we do have a Legal PMO here in place that is accompanying those bigger transactions as I know other jurisdictions have as well. And we are more and more relying on legal due diligence and other legal process tools to really cover that. So, this is a global world and you need to face these challenges, in those projects and that's in my experience what clients are looking for nowadays.

Stuart Fuller: Luciana?

Luciana Lorenti:

Yeah, talking about Brazil, there is something very specific when we talk about carve outs, is that if we are talking about a regulated business, we cannot simply transfer special license and permit from day to night. So, these requires our very good planning, before the deal is closed. They're trying to avoid interruption of the activities, because in Brazil, usually all these kinds of license and permits are connected even with the tax authorities. So, if you miss a certain license you can have problems in issuing an invoice for example. So, this is a very sensitive subject here in Brazil that requires very good planning, experience, not only legal advice, but also experience from other transactions and a good PMO of course.

Stuart Fuller:

Great, Thank you. Look as a number of you have said, we're in a red-hot market. There's plenty of demand and plenty of deal activity and were also living in a very complex world, so I'm quite interested to find out if there's any changes in the way we're seeing the market allocate risk in these sorts of transactions.

Is the due diligence scope, or the way diligence is being conducted differently? Are we seeing different uses and more use of warranty indemnity insurance and things like that? So, Anna then Christian, your views on that?

Anna Balinsky:

So I've been seeing two things in the market with respect to allocation of risk. The first is that with respect to rep and warranty insurance, we generally used to only see it in very large transactions due to the cost, but as insurers has become more comfortable with it, more familiar with it, and more familiar with the claims history the cost has come down. And we're now seeing it used more and more in deals, especially deals where parties are having difficulty allocating risk on the smaller side. And there's generally a sharing of the cost of it is what I've been seeing. The second thing I've been seeing on risk allocation I talked about earlier which is more and more earn outs coming back in to try to bridge price where there's not sure, or people aren't sure of how to allocate pricing risk appropriately. And the last thing that I've seen related to risk allocation is, there's been more and more what I would say, tailored diligence in areas of particular concern, rather than general diligence. So those are the three things I've been seeing.

Stuart Fuller: Christian?

Christian Hensel:

Yeah absolutely, I mean if it comes to indemnities in Germany you also see a W&I insurance much more often than five or ten years ago. What you also see is that you don't even include a tax indemnity, for example, anymore in the agreements because it is purely covered by the insurance, so there's no, indemnity on the seller's side anymore. And coming in along with that of course, due diligence scopes are changing because of the insurances do require certain areas to be covered so that, the warranties and indemnities are insurable and so that has an influence also. And then when it comes to IBR, you also have, some influence of the M&A part that sometimes is done in parallel to the IBR transaction so that you decide within the IBR transaction where the risk is allocated, and then you decide in the SPA who of the parties then actually has to bear that risk. So, this is closely connected and you have to have a team that has a look on both sides of the transaction.

Stuart Fuller:

Great, Thanks, Christian. As we've said through this discussion we've seen a significant increase in demand for business reorganization, restructuring, M&A transactions, I think both Globally and in each of the regions. So, whether you're in Europe, in Asia, or in the America's we're seeing a significant increase in demand.

Certainty if I look at our pipeline, as a Global legal services function in KPMG, business reorganization and M&A is right at the top of the list of where we see demand coming out of the next 12. So, Peter and Paula, just interested, you know, when you look at these transactions and the pace of them if you are that sort of Head of Legal and a client who's looking to kick off a transaction in a business organization or M&A, what do you think are the most important considerations for them to take into account when starting these transactions? So maybe Peter you first and then Paula.

Peter Workman:

Thanks Stuart. Look I, I think we've covered these points already on the call and for me they come out loud and clear as to what, in-house legal teams, Heads of Legal should really have absolutely nailed down at the start of these projects. And for me that's the proper strong, professionalized, project management function. Really best in class, enabling technology and specialists who really know how to do these projects; be it M&A, be it international business re-orgs, and for me those are the three key things that are absolutely fundamental for the successful delivery of these types of projects. And actually, I think if you don't have those things properly in place at the outset of a transaction, you're really missing an opportunity as a business to maximize value from the transaction in question. Paula?

Paula Yu:

I think from the recent , international restructuring that M&A deals we have handled, I would have to say that sensitivity to different legal systems in different jurisdictions, has come out as one of the important considerations for legal leaders. Really especially for those global restructuring projects which involve, dozens or even just over 100 entities and just over 100 jurisdictions. At least for the two matters, two projects I've recently handled, China is typically the one more procedurally complicated ones, right? It just, because, share transfer is not that easy, in China, as it only requires a day probably in Germany or in the UK. But it requires at least one or two months of preparation in China, especially during COVID-19, the legalization and the certification process is getting even more complicated. And liquidation of a Chinese entity is actually even more difficult than setting up an entity. So, it would take at least a couple of months. Sometimes over half a year or to a year in duration. So at least for the international and restructuring projects we have handled, it turns out, if you're not sensitive to those procedures, complexities in some jurisdictions, you will come up, that China, is probably just a separation of a business or probably just an implementation of a restructuring in China, will ultimately turn out to be a post-closing matter, because it cannot be done within the global timetable. So I think that's just I'd say definitely one matter, which, needs to attract more attention for global leaders in this type of international restructuring. And also, Chinese companies, just to present due diligence, and it presents quite different challenges for a lot of multi-national clients coming to China. Especially given the fact as I just mentioned, nowadays, all the big ones, you know Legal 500, Legal 100, companies, they have come to China, they have prospered, or survived and prosper and probably decided to leave.

So the ones that are coming to China nowadays who are active in the M&A market tend to be the small and the medium sized international multi-national corporate clients who are less experienced and who are not exposed to the type of risks they see in China related deals. So that's the reason why I think probably in a cultural sensitivity, flexibility willing to take on more creative matters. I think that's probably something to be considered by global legal leaders, but also just to be, further explored on a platform like global legal services for KPMG.

Stuart Fuller:

So the complexity of China in a complex M&A or business reorganization transactions, Paula, we're lucky to have people like you as part of our team. Our clients are lucky. So, let's turn to technology, and a number of you have already remarked on the impact of technology and the increasing use and rise of technology. But let's just talk about how we're seeing technology supporting efficiency and compliance in deals. So Christian and Peter - interested in your view on this which is technology even before COVID-19, but really accelerated by COVID-19, it's really transformed or starting to transform the ways we're seeing these transactions done the way our clients' legal departments operate. How are you seeing this play out in the context of other business reorganization transaction? How is changing what you need to do and, if you had a crystal ball, how do you think it will look in the year ahead. So, Christian you first and then Peter.

Christian Hensel:

Yeah, thank you, Stuart. I think technology will be key in the future. There will be people that adapt to the digitalization of the legal profession and others that will not and they will just simply disappear from the market. I don't know whether that is a question of two or five years, but it will happen. So, it is a good thing that we at KPMG are investing a lot of money and effort in new technologies. So, for example in a current project where we are restructuring an automotive supplier in 25 jurisdictions, where we also work with Peter's team. We are using a cloud leader. Peter, you can elaborate on that a bit more from the UK, which is kind of the process tool where we do have all the data in there, where we do have all the communication in there., where we do have the project management and the budgeting tool in there. And so we're not sending excel sheets across the world anymore; this is really centralized in one tool and, upcoming there are other supporting tools that help us structure the entire transaction from a tax and legal perspective in that say something in a new program that we call currently legal document creator where we can really do the entire structuring of the transaction worldwide and that also helps you then to create the documents that you need to do that in the KPMG network. And that is really going to be an exciting solution that will hopefully be very soon available for further transactions to come. Peter, what do you think?

Peter Workman:

Thanks, Chris. Yeah look, couldn't agree more. I think to Stuart's point the, next 12 months and beyond, technology's only going to become more important, right?

Because I spoke earlier about clients were already viewing best in class tech as a must have to facilitate and deliver these transactions and I think just to sort of summarize what Christian said really, I think we're seeing technology becoming increasingly important on IBR transactions in three key areas. So, the first would be that sort of suite of business diagnostic tools. So, deal readiness, compliance tools which really help prep a business for that transaction event, be it the M&A or the IPO, whatever it is, but that really allows the business to get a quick diagnostic, remediate any problems ahead of time. The second area, again as Christian alluded to is document automation. So yeah, document automation supported by those single point of truth project teams and delivery platforms, which really enable the transaction by creating efficiencies when we're executing. And then the third area for me is all round sort of data visualization and mining. And what this allows clients to do is really interrogate the trends, spot the risks early, and again that's just absolutely vital in protecting and maximizing value through these processes.

Stuart Fuller:

Great thanks Peter. Luciana and Anna, I want to come to you just for a sort of quick comment which Peter and Christian have spoken about in terms of the impact of technology, but data and analytics, and the use of data, just how you're seeing that changing the way deals are being done or the way diligence is being done on deals. So, maybe Luciana first and then Anna?

Luciana Lorenti:

Okay, thank you. Here in Brazil, the legal departments are discussing the legal transformation. The digitalization of all the proceedings, the management of licenses and, receiving of notice for summons. We have seen these discussions very deeply, and I think that the legal department will be more digital. We will have the information at hand. We will help their companies to conclude deals in a more faster and safer way. It will be actually a business partner, so that will be very important. We are having more virtual negotiations here in Brazil due to the pandemic situation, so, we have much more virtual interactions than presentation meetings that we had in the past. A more wide use of the electronic and digital signatures than in the past. So, we have seen all these changes very quickly and that will be very important for the conclusion of deals.

Anna Balinsky:

So, if I look at what I'm seeing, with any large client that I've, signed up MSA or that we're looking at doing multiple transactions with lately, data analytics has actually become very key to their MSA's. And what they're asking is that after each deal you put together, you use the data you have to analyze where we could be more efficient, even if it's not related to the deal, I've had clients who've come back to me who are looking for us to analyze after we implement and derationalization transaction, to explain where their internal record keeping is weak so that they can improve for the next deal.

So the ones that are coming to China nowadays who are active in the M&A market tend to be the small and the medium sized international multi-national corporate clients who are less experienced and who are not exposed to the type of risks they see in China related deals. So that's the reason why I think probably in a cultural sensitivity, flexibility willing to take on more creative matters. I think that's probably something to be considered by global legal leaders, but also just to be, further explored on a platform like global legal services for KPMG.

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Okay, thank you. Here in Brazil, the legal departments are discussing the legal transformation. The digitalization of all the proceedings, the management of licenses and, receiving of notice for summons. We have seen these discussions very deeply, and I think that the legal department will be more digital. We will have the information at hand. We will help their companies to conclude deals in a more faster and safer way. It will be actually a business partner, so that will be very important. We are having more virtual negotiations here in Brazil due to the pandemic situation, so, we have much more virtual interactions than presentation meetings that we had in the past. A more wide use of the electronic and digital signatures than in the past. So, we have seen all these changes very quickly and that will be very important for the conclusion of deals. Where they're having trouble finding permits or licenses. So, what they're really using I find, is they're looking for us to use all the data we've collected to help analyze how they could improve their internal operations, which is not something that we would normally think of the Bailiwick of lawyers, but it's something that's almost becoming essential. And so, we need to make sure we're implementing technology which allows us to do that. The second thing I've seen is more companies who are looking to track a four- or five-year period after the deal, where the problems will arise, where claims are made, so they can focus better their concerns when they're doing a deal, their risk allocation and areas that are real and material, rather than areas that are potentially perceived of real material but never arise. So, that's kind of the two uses I'm seeing of data analytics that I really wasn't seeing five years ago in the market.

Stuart Fuller:

Thanks, Anna. Data and digital, they are sort of the twin words of importance going forward, that we think. So now I'm just going to come to each of you now with one final question, just conscious of our time. And this is the "crystal ball" sort of conclusion question for you all and looking at what we think are the most important things for our clients today. So, I just have one final question around if you could say to our clients and the legal departments of our clients, what do you think is the most important thing for them to do in the next year in terms of executing M&A or business reorganization transactions and any final thoughts you'd like to share. So, Peter, I'm going to come to you first.

Peter Workman:

Thanks, Stuart. So, for me I would say, take a "holistic" approach. I think two practical things you can do there is make sure you've got that strong, dedicated project management function in place to bring together your multiple advisers, and your multiple jurisdictional advice to make sure it runs smoothly. And secondly, just leverage technology. Demand that cutting-edge, leading-edge technology is used to facilitate these projects. And I think if General Counsel's in-house teams can do that, they're really going to satisfy their stakeholders in the business by doing a great job of maximizing the value on executing these transactions.

Stuart Fuller: Luciana?

Luciana Lorenti:

I would say that it's important to think about the simplification of the agreements and wording of the clauses, because if you want to use more technology to read contracts, to analyze data, it's important to have a kind of more standard language. So, I think it's good to think about like an industry of M&A, where you have more simplified documents and high standards that, talks to each other and you help technology, to read and interact with these documents.

Stuart Fuller: Perfect, thank you. Christian.

Christian Hensel:

I would really say in IBR transactions, that clients should focus on a deep strategic analysis before they actually start the project. Sometimes, you see that people start with the legal part or with a text part, or with a valuation part. But what you actually need in the beginning is a strategic analysis on what you want to achieve. If you want to do an IPO that is totally different from selling part of the business, or have an investor or just keeping it as a part of your business. And so, if you do that, a strategic, "holistic" view, as Peter also mentioned, in the beginning, then everything else comes from that. And then you can really decide when do you want to start? Which work stream, and what is the timetable for that work stream?

Stuart Fuller: Great, thank you. Paula.

Paula Yu:

I think the successful execution of an international deal involves a good combination of the local trust, as well as international capacity.

And I think these two factors come to a nice harmony, just on the plateau of Global Legal Services on the KPMG platform. We have trust in your local counsel in different jurisdictions that we can rely on. Just to win the trust of our clients and to view this as a local relationship. And I think that's how as a lawyer of Shanghai, that's relatively new, being its establishment have won major projects as many thanks to this perfect combination of two factors.

Stuart Fuller: Perfect, thank you. And Anna?

Anna Balinsky:

So I think both for internal and external counsel, I think there's going to be an increased focus on kind of pragmatism and flexibility in that they want I think both in-house and external. Lawyers need to have a better and continually growing understanding of the business. And like Christian said, the business goals and 10, 15 years ago, there was very clear definition of this is a lawyer's role, and this is your other adviser's role, clients and internal clients, if you're in house, are now looking for you to have a full understanding of what's going on. And that doesn't mean that you're going to have your lawyer start suddenly doing valuations, but it's more the understanding of when this business knowledge needs to be pulled in properly so that there's not only a one-stop-shop for multi-jurisdictions, but a one-stop-shop for services and someone who is leading from all aspects and not just a single aspect that it seems that with the business reorganizations. That role is going to come to the lawyers to ultimately pull it all together. So, lawyers really need to look into that and make sure they understand both the goals, but all the different areas that are involved to getting this done.

Stuart Fuller:

Great, thanks Anna. Look that brings our session to a close and I think it's been a wonderful sort of discussion getting the insights from the five of you. Just a few sort of wrapping-up thoughts from my perspective. I think, you know, we're in a very active market, a red-hot market as a number of you said, to think creates enormous opportunities for clients and for advisers. But we're also living in a complex world. So whether that's the COVID-19 impact or the speed of transactions, the risk allocation, the impact of technology. So, that need to manage business opportunity, complexity and risk, I don't think it's ever been more important. I think what the big themes that have come out from here for me are: you need to have great lawyers, good quality lawyers. You need to have good project management and a good way of doing things. So, like a global solution to execute these opportunities for our clients. You clearly need to have good technology. I think every one of you has spoken about technology and certainly what we're seeing with demand from clients is, you need to have a tech-enabled part of the way we do things, because otherwise it's not a solution. And lastly, you need a great global platform. You need to be able to have the one adviser in as many jurisdictions as possible. And of course, I wouldn't be doing my job if I wasn't saying what this group of people from KPMG and our friendly firms really show is the breadth of that platform that KPMG and KPMG Law can offer. So, I think we are that classic one-stop-solution of great lawyers, technology solutions, project management as well as a geographic platform.

So thanks to each of you for making the time; I think your insights have been great from across Europe, across Asia and across the Americas. Hope everyone has a good rest of the day and thank you for joining us.

Announcer:

Stuart, on behalf of our listeners, I'd like to thank you and the rest of our panel for their time today. It's been a fascinating discussion to listen to.

To let us know what you think of this episode and if you have ideas for future episodes, please email us at lawservices@kpmg.com. And remember, you can find our latest publications, articles and other materials that address the issues discussed in this ongoing series at: www.kpmg.com/futureoflegal.

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