

Legal, Compliance and Technology Executive Series

Sponsored by: Forensic & Integrity Services

General counsels no longer sit on the sidelines of the digital agenda. They now have a critical stake in their companies' big data strategies.

With 35 years of experience, Norman serves as General Counsel for ACME Company and for him, no environment has been as challenging as today's. The dramatic rise in the volume of electronic information for global companies poses a unique set of compliance and legal risks. Norman feels as though regulators and litigants are gaining the upper hand because his team usually has to sift through mountains of data from a wide variety of data sources that reside in disparate systems.



Are regulators
and litigants
better at analytics
than you?

Of special interest to:

- General counsel
- Chief data officer
- Chief risk officer
- Chief compliance officer
- Chief information technology or information security officer



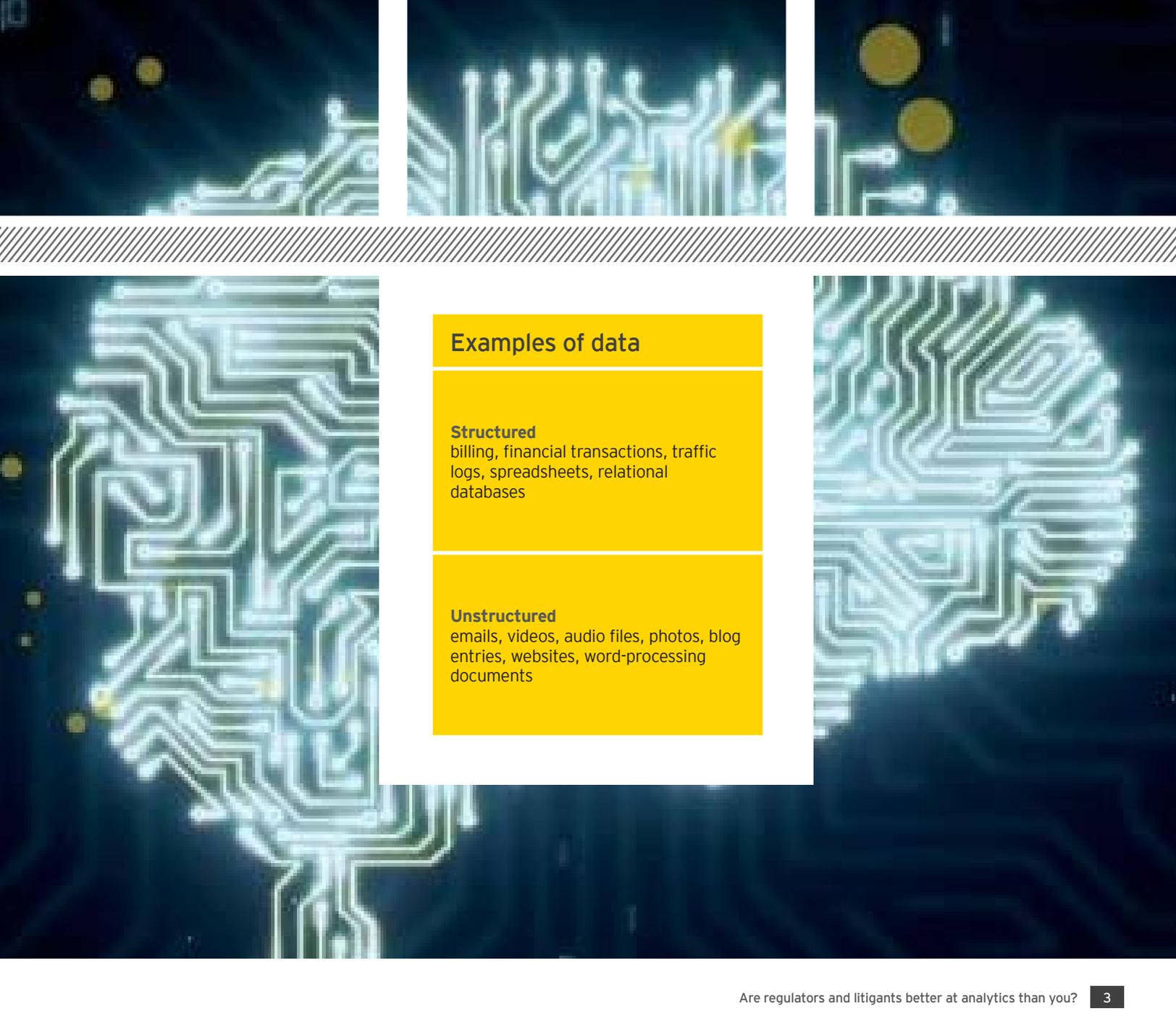
The better the question.
The better the answer.
The better the world works.



What are the challenges?



Norman had always taken pride in how his legal department harnessed unstructured data, such as emails, allowing evidence to be collected, preserved, mined and analyzed. However, ACME's structured data, such as billing information, is managed across different systems that are not tied to ACME's eDiscovery infrastructure. As a result, the legal department often struggles to respond to regulatory or litigation requests in an effective manner. In the face of inefficiencies and escalating costs, Norman needs a plan of action – but what does that entail? And who else must contribute?



Examples of data

Structured

billing, financial transactions, traffic logs, spreadsheets, relational databases

Unstructured

emails, videos, audio files, photos, blog entries, websites, word-processing documents

Five insights for executives

1

Structured data is overlooked in legal response strategies

The response to and outcome of investigations or litigation often rely on identifying and analyzing data sets in ways that are different from how they are handled in day-to-day business. All data should work in tandem: the structured data often explains what happened, while the unstructured data gives context to why it happened.

While structured data has been well managed in ERP and CRM systems by finance and other corporate functions, legal departments have often overlooked structured data and lack the same mature infrastructure to manage it. What they don't realize is that they don't need to start from ground zero. They can leverage the processes and technologies of a well-established discovery program and extend them to incorporate structured data.

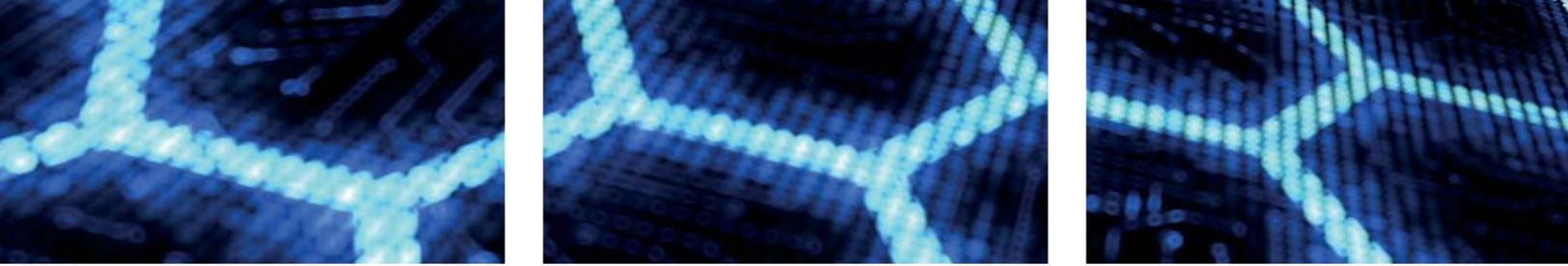
Data needs in the
real world

Financial services

In an inquiry into online banking transactions, log data (unstructured) must be paired with transactions (structured) to determine the origin, means of access and attributes of the initiator to resolve how the transactions were executed.

Life sciences

A regulator requests a review of emails (unstructured) from a pharmaceutical company's sales team to explain off-label marketing to health care providers (HCPs), along with HCP payments (structured), to assess potentially illegal promotional activities.



2

Why should you have a centralized legal response strategy?

Regulators and litigants have become increasingly savvy in how they put data to work, employing talented data scientists and harnessing sophisticated analytics technologies for fact-finding purposes. This has also been enabled by technical advancements and greater collaboration between enforcement bodies, regulators and litigants.

For companies to keep pace with regulators and litigants, a centralized legal response strategy encompassing all of the important data sources, underpinned by robust and aligned analytics, will be the key to operational efficiency. Without it, an ineffective response can embolden a company's opposition.

3

Rising litigation and noncompliance costs are exacerbated by inadequate data strategies

Global commerce and an increasingly complex legal and regulatory landscape are driving up litigation and noncompliance costs around the world. The lack of a comprehensive data management program that incorporates both structured and unstructured data to support the organization's legal responses only exacerbates these rising costs.

Even as companies start to recognize that data analytics brings cost efficiencies to handling large volumes and a wide variety of data, they must remember that the ultimate utility of data analytics relies on the completeness and quality of underlying data. An effective data management program needs to first focus on the comprehensiveness of its data, after which it can then take advantage of the cost-saving potential advanced analytics technologies can deliver.

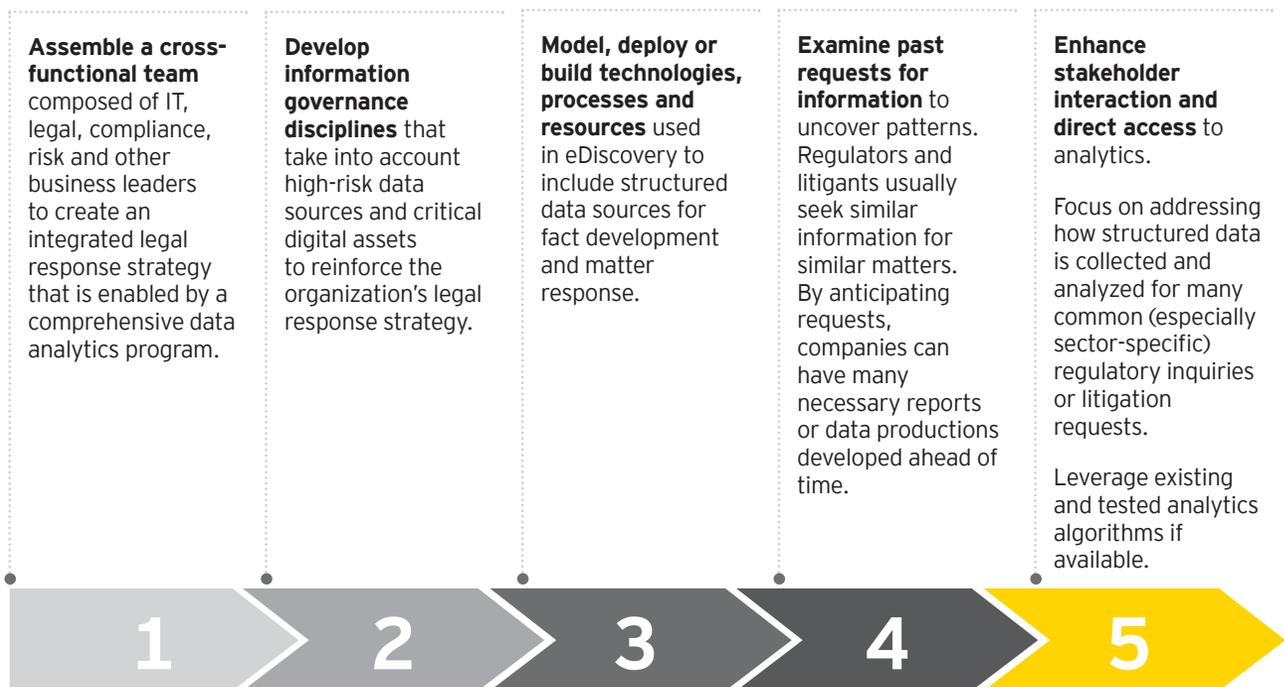
Senior leaders are taken away from their day-to-day business activities by costly and lengthy response activities that can often harm relationships with regulators. These are unintended consequences for ineffective legal information response plans.

Five insights for executives

4

What's needed: comprehensive data coupled with analytics

At a high level, organizations should consider five actions to help elevate their legal response strategies:



The strategy is a response that is comprehensive and efficient, in which legal holds can be applied rapidly and relevant data can be gathered and produced quickly, founded on the right technologies, processes and resources.



5

The costs and risks will climb with each day of inaction

Regulatory complexity has increased and governments are more equipped to scrutinize companies than ever. The volume and variety of data have surged. Lawsuits are an ever-present threat.

In this reality, organizations invest heavily to gather and produce the required data. And for many, they penalize themselves – even in best-case scenarios – because they fail to extend well-established processes and technologies for unstructured data to incorporate structured data.

Norman, however, has spoken to other functional leaders at ACME to bring the two strands together, creating a data strategy that will drive down costs and transform the sophistication and speed of their legal response. With a united front, ACME bolsters its defenses and saves money – and your company can do the same.

For more information,
visit us at:
ey.com/forensics

Author:



Todd Marlin

Global and Americas Forensic Data Analytics Leader
Forensic & Integrity Services
+1 212 773 7709
todd.marlin@ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

About EY Forensic & Integrity Services

Dealing with complex issues of fraud, regulatory compliance and business disputes can detract from efforts to succeed. Better management of fraud risk and compliance exposure is a critical business priority – no matter the size or industry sector. With approximately 4,500 forensic professionals around the world, we will assemble the right multidisciplinary and culturally aligned team to work with you and your legal advisors. We work to give you the benefit of our broad sector experience, our deep subject-matter knowledge and the latest insights from our work worldwide.

© 2019 EYGM Limited.
All Rights Reserved.

EYG no. 000173-19Gbl
BSC no. 1812-2973285

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

Any reference to legal rulings and interpretations of their impact is not legal advice. You should consult your legal advisor for guidance on how the cited cases may be applicable to or impact your situation based on the facts of any particular matter.

ey.com