

Brexit Hypercare:
Keeping your
business operating



EY

Building a better
working world

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There is simply no way that businesses can be fully prepared for what's coming as they don't know what they are preparing for.

Therefore, they need to take all steps possible to game the odds in their favour. But how can they do this when budgets are squeezed, resource availability is becoming increasingly scarce and speed will be imperative?

EY's **Brexit Hypercare** could be the answer by providing dedicated access to a breadth of resources across a number of specialisms – as and when it's needed.

Sally Jones

EY UK Trade Strategy and Brexit Lead

Disruptive changes are coming

With or without a UK-EU trade deal, Brexit represents the greatest simultaneous change to the UK's trading, regulatory, immigration and judicial system in decades.



If no deal is agreed, the UK would immediately become a 'third country' trading on World Trade Organization terms.

If a deal is agreed, it would still represent phenomenal transformation – as most of the disruption will not be mitigated by a free trade agreement.

Changes will start to take effect from 23:00 GMT on 31 December 2020. There is no precedent for such wide-ranging implications for business continuity. Despite readiness planning by the UK Government, EU Member States, and businesses, there are critical outstanding questions on how certain new and untested processes will work. Predictable and unpredictable disruptions are guaranteed.

How can organisations be sure they have the resources and insight to resolve issues at speed?

By pre-engaging EY's Brexit Hypercare, organisations will have access to levels of specialist support to address business continuity issues as they become apparent in the run up to and after 31 December.

Planning cannot mitigate all disruption

The most immediate effects of leaving the EU Single Market and Customs Union will be experienced by businesses who move goods across borders or rely on these materials in their supply chains, and those with business travellers. Yet trade covers much more than goods and immigration or 'at the border' barriers. 'Behind the border' issues such as regulatory compliance, data privacy, and product conformity could be equally disruptive but less immediately apparent. The impacts on commercial pricing will be profound.

Interdependency of issues across a business has been a key readiness challenge – complex supply chains, pressure on infrastructure, systems and support means that the reverberations of simultaneous change across hundreds of thousands of businesses, at different stages of readiness, is likely to compromise business as usual.

Planning state of play

- ▶ The UK Government's Reasonable Worst Case Scenario for borders states that trader readiness (those who will have taken the necessary steps to ensure that the right documentation is in place to meet EU requirements) suggests 50-70% of large businesses will be ready and 20-40% of small and medium-sized enterprises. Despite these concerning figures, the issues are wider than border delays. EY surveys, with findings supported by numerous other industry insights, suggest that the Government perhaps appears optimistic. Our surveys point to significant readiness issues extending outside the supply chain.
- ▶ Whilst some large companies have prepared as much as possible, it is expected that unforeseen issues will arise once the practical day-to-day consequences of Brexit become apparent.
- ▶ Smaller business may see even greater impact from these practical difficulties – yet, these businesses will underpin some of the planning that large businesses rely on.
- ▶ Compared to previous deadlines, there are fewer facilitations (unilateral easements announced by the UK Government, the European Commission, or Member States) in place to facilitate a smooth transition – thus increasing the pressure on businesses to be able to respond to the inevitable points of friction that will arise.
- ▶ All this takes place against the uncertain and evolving background caused by the second wave of COVID-19 and associated issues. This is further compounded by the time of year, little slack in systems, depleted stockpiles and reduced cash flow.

What might arise

Often through no fault in planning, there are likely to be last minute realisations that something has changed or that a new process requires a different approach. Examples are numerous but could include:



Customs

- ▶ Truck is at the border and is unable to pass due to the wrong paperwork.
- ▶ Modified paperwork required for an inbound/outbound shipment due 31 December that is now set to arrive after 2 January.
- ▶ Failure of customs broker to fulfil obligations.



IT, systems and data

- ▶ Current systems are not producing the right documentation needed for new Brexit requirements.
- ▶ Problem with applications process for licensing in EU countries regarding data flowing to the UK.
- ▶ Unforeseen issues arising from cutover of EU to UK processes.



Regulations and compliance

- ▶ Product labeling not correctly identifying EU/UK importer.
- ▶ Lack of capacity to understand, sort and apply the volumes of UK Government guidance on required changes to conformity checks and labelling requirements to place products on the EU market.



Commercial and pricing

- ▶ Pricing interventions required to adjust end-to-end costing in addition to tariff changes.
- ▶ Unexpected issues from underlying contracts (T&Cs and SLAs) for third party suppliers, logistics and outsourcing.



People

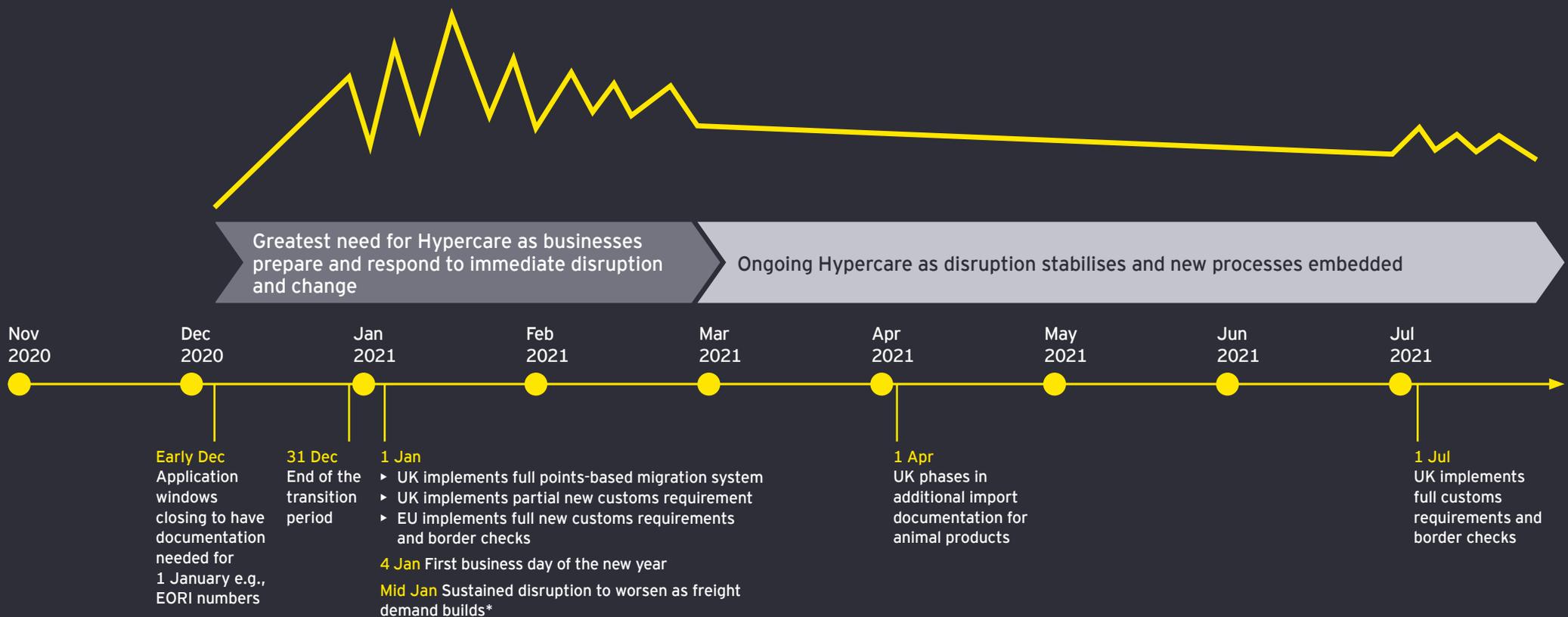
- ▶ Short-term business travellers refused entry to EU for not having correct permissions.
- ▶ Changes to recruitment and employment contract compliance.
- ▶ Immediate impacts for employee mobility programmes.

How can business be sure they have sufficient support available?

Mitigating actions already taken plus the activation of contingency plans, including Brexit workstreams and crisis management offices, will go a long way to ease expected impacts. However, to rapidly address unforeseen issues arising in the run up to 31 December and in the short-term afterwards, companies should consider an elevated level of support or 'hypercare'.

hypercare a dedicated resource to help smooth the transition from one state to another and support the establishment of a business model fit for the new environment.

Likely disruption to business continuity



*UK Government's Reasonable Worst Case Scenario for borders

EY's Brexit Hypercare

How can you put in place support when you do not yet know what is needed? By opting in to Brexit Hypercare, businesses can have confidence that they will be able to address issues regardless of where they arise across their operating model.

Essential, bespoke and scalable support

There is a Brexit Hypercare package to meet your needs

From general questions through to tailored advice and dedicated crisis management support for companies who discover the biggest gap between readiness plans and issues arising, EY offers three Brexit Hypercare packages – Basic, Enhanced and Intense. By engaging now, you can secure support for the transition to a new way of doing business.

Speed

Tackling problems quickly will be critical to business continuity

By pre-engaging, businesses will have guaranteed access to EY support across a number of business functions. As soon as an issue arises, you can seek rapid advice to find the right answer for your organisation.

Network

Advice needs to be actionable, commercial and pragmatic

We've supported hundreds of companies of all sizes, geographies and industries – and at every stage of Brexit readiness – so understand the challenges. Across our network, we have strong relationships with ports and customs brokers, HMRC, European jurisdictions, trade bodies and other key government and infrastructure stakeholders.

Insight

Utilise EY's extensive international network

Your issue is unlikely to be limited to one jurisdiction. With increased cross-border complexity due to Brexit, we can draw on our extensive network of UK, Europe and global multidisciplinary specialist teams.

Access

Confidence that you can call on the appropriate resource as needed

Opting in now to one of our Brexit Hypercare packages gives reassurance that you'll be able to call on the necessary resources as and when required.

Brexit Hypercare pricing model

To understand the features of each package and which would be most appropriate for your organisation, please speak to your usual EY contact or any member of the Brexit team.

Brexit Hypercare packages	Bundle one	Bundle two	Bundle three
<p>Basic</p> <ul style="list-style-type: none"> ▶ There are fixed fees for these packages based on hour bundles. ▶ Bundles are billed monthly in advance, with a minimum three month term. ▶ If an organisation exceeds their bundle hours, they can continue access by purchasing an additional bundle (provided resources are available). 	<ul style="list-style-type: none"> ▶ 10 hours of email support ▶ Monthly cost: £3,000 	<ul style="list-style-type: none"> ▶ 20 hours of email support ▶ Monthly cost: £5,000 	<ul style="list-style-type: none"> ▶ 40 hours of email support ▶ Monthly cost: £9,500
<p>Enhanced</p> <ul style="list-style-type: none"> ▶ Unused hours expire at the end of each month and cannot be carried over. ▶ Support will be available starting 16 December. 	<ul style="list-style-type: none"> ▶ 10 hours of email support ▶ 5 hours of telephone support ▶ Monthly cost: £6,000 	<ul style="list-style-type: none"> ▶ 20 hours of email support ▶ 10 hours of telephone support ▶ Monthly cost: £10,000 	<ul style="list-style-type: none"> ▶ 40 hours of email support ▶ 20 hours of telephone support ▶ Monthly cost: £19,000
<p>Intense</p> <ul style="list-style-type: none"> ▶ Fees for this package are fixed and priced by the week for two FTE resources (70 hours). ▶ An engagement agreement with retainer fee equivalent to two weeks is needed to reserve resources. Billing is then on a weekly basis. ▶ Consultation with EY contact to determine likely number of weeks required and start date. 	<ul style="list-style-type: none"> ▶ A embedded and dedicated full-time Brexit Hypercare team for your business. ▶ The team would include: <ul style="list-style-type: none"> ▶ A named general commercial specialist with a strong understanding of the interdependencies of your business. ▶ In addition, subject matter specialist support across the business functions covered by Brexit Hypercare or as needed for your scope of work. ▶ Equivalent to two full-time resources, totalling 70 hours per week. ▶ Weekly cost: £30,000 		

Brexit and Hypercare team

For any questions or to learn more about Brexit Hypercare in practice, please speak to your usual EY contact or a member of the team below.



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