

AN INSIDE LOOK AT LEGAL ENTITY MANAGEMENT PRACTICES SURVEY HIGHLIGHTS



467 ORGANIZATIONS



20 INDUSTRIES



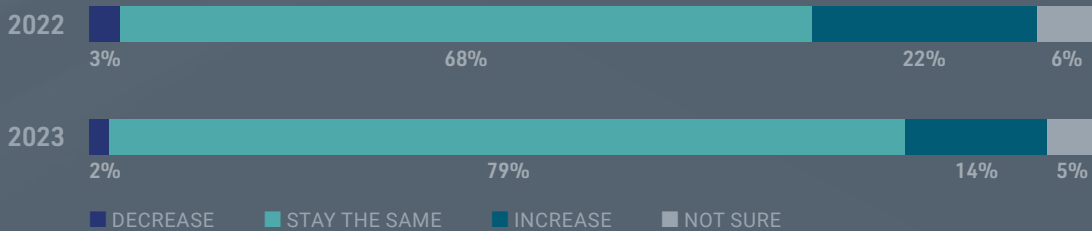
32 COUNTRIES

1

Most organizations expect no changes to their budget or staff dedicated to entity management over the next year

Seventy-nine percent of organizations expect their LEM staffing levels to remain the same, while 14 percent expect an increase (down from 22 percent last year). Those who expect to decrease their staff cite economic concerns, the need for cost control due to a drop in profits and departmental/organization-wide staff reduction. Those who expect an increase in hiring cite the need for more staff due to the changing regulatory climate, company growth and more entities to manage, and the overall decision to in-source more work.

EXPECTED LEM STAFF CHANGES



2

Many organizations lack official entity management policies, procedures, and processes

Twenty-five percent of organizations have no official policy or process to update company records, including minute books and entity management systems. Twenty-seven have no process to monitor annual compliance obligations, and 31 percent have no process to enable effective subsidiary governance in general. A significant percentage of companies that do have official policies and procedures in place do not follow or implement them. In addition, 30 percent of organizations have no annual compliance calendar in place and 10 percent either have no entity organizational chart at all or it is not maintained.

POLICIES AND PROCESSES



COMPLIANCE CALENDAR



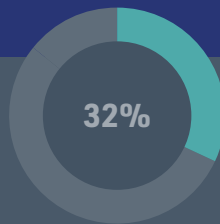
ENTITY ORGANIZATIONAL CHART



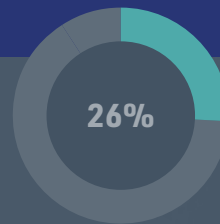
3

More than one quarter of organizations admit that some corporate entities have been out of good standing with regulators over the past two years

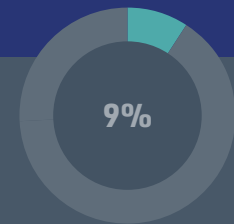
Thirty-two percent of respondents reported that updates to their corporate records have been delayed some time over the past two years. Twenty-six percent said that at least some of their corporate entities have been out of good standing with regulators over that time, and an additional nine percent said that a delinquency regarding an entity's status with regulators has impacted a business transaction. This may not be surprising given that seven percent of companies still exclusively use physical documents to maintain their corporate records and just 40 percent use some form of entity management database.



Corporate records have been delayed



Entities have been out of good standing with regulators



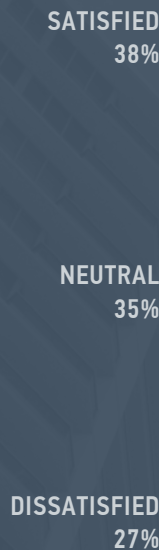
A delinquency regarding an entity's status or standing with a regulator has impacted a business transaction or strategic initiative

4

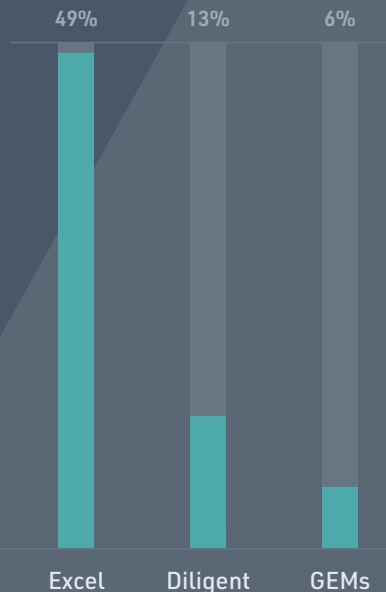
Sixty-two percent of organizations are dissatisfied or neutral with the entity management technology they have in place

Nearly half of all organizations surveyed use Excel as their entity management technology followed by Diligent (13 percent) and GEMs (six percent). Thirty-eight percent use Excel exclusively and among those who do, unsurprisingly just 30 percent are satisfied with it, while among those who exclusively use a formal entity management platform (not Excel), sixty-seven percent say they are satisfied.

LEM TECH SATISFACTION



LEM PLATFORM USED



5

Legal entity governance is the top priority for LEM teams over the next year but competing priorities and lack of bandwidth remain the biggest pain points

When asked about the top priorities for their LEM teams over the upcoming year, respondents cited entity governance (66 percent) and regulatory compliance (61 percent) as the top two priorities, followed by legal entity rationalization (39 percent), better leveraging technology (30 percent), and cost reduction (25 percent). However, teams are still experiencing numerous pain points including having too many competing priorities (62 percent), lack of bandwidth (49 percent), inconsistent processes (37 percent), among others.

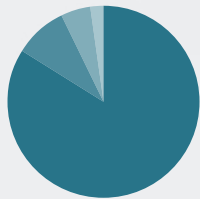
TOP PRIORITIES



BIGGEST PAIN POINTS



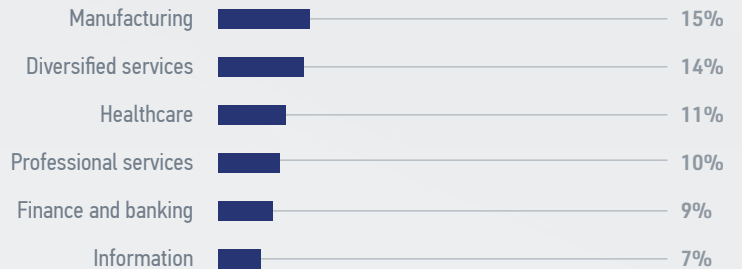
PARTICIPANT PROFILE



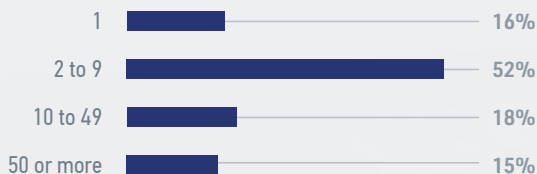
GLOBAL REGIONS

- United States/Americas 84%
- Europe/Middle East/Africa 9%
- Asia-Pacific 5%
- Latin America 2%

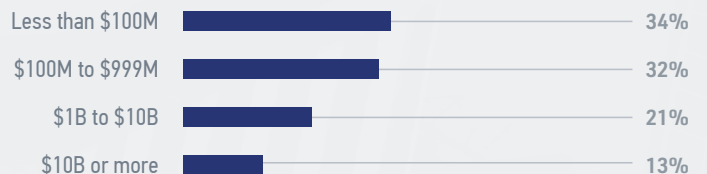
INDUSTRY



LEGAL DEPARTMENT SIZE



COMPANY REVENUE



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