

An Efficient Solution for M&A

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Many corporations that deal with M&A transactions are looking for new solutions that create both process and cost efficiencies. The need to review large volumes of contracts in tight timeframes strains internal legal teams and inhibits their ability to handle the core activities that they normally perform on a day-to-day basis. Enlisting the support of a top-tier Legal Process Outsourcing provider (LPO) on M&A transactions allows corporations to manage these timelines and their associated costs in a more efficient manner. Their strong process orientation, technological sophistication and exclusive use of permanent employees has allowed them to transform into legal process management companies that develop significant process and technological enhancements, especially for their M&A clients.

M&A SUPPORT LPOs PROVIDE

LPOs support acquirors and targets during both the pre-merger and post-merger phases. Prior to the transaction, they prepare target company profiles based on public information. They help coordinate the global collection of contracts distributed across business units and countries, reconcile the in-scope agreements and help track down missing information. They further facilitate transactions by preparing consent requirements and obtaining the necessary consents. They also assist in setting up data rooms, including redacting sensitive data, and have specialized teams that perform reliable reviews of relevant contracts required for due diligence. LPOs also provide post-merger integration review and support, analyzing the acquired entities' contracts to develop strategies involving renegotiation, termination or renewals with a thorough and systematic analysis.

PROCESS-ORIENTED APPROACH

Irrespective of the size and complexity of the matter, LPOs leverage their process-oriented approach to make due diligence efforts more efficient. At the start of an engagement, LPOs and their clients collaborate to build protocols for the project, also known as a playbook. The playbook contains project-specific review guidelines and communication/escalation protocols. Laying this groundwork at an early stage of the engagement benefits the client as having clear instructions from the start minimizes the need for re-work and creates more efficiencies over the course of the project.

LPOs implement document collection and contract review processes that facilitate coordination with a large cast of legal stakeholders to ensure receipt of all necessary documentation for review. These protocols establish the first point of contact for queries depending on contract type and the steps to follow when escalating any issues. Having one team coordinate the document collection and review vastly reduces the risk and eliminated inefficiencies because the review team will have the best knowledge of missing documents and whom to reach out to for each contract type.

Having robust processes allows LPOs to handle more complex tasks and create additional value over the course of M&A transactions. They apply the knowledge they gain about the contracting practices of the target throughout the due diligence process to drive additional efficiencies when performing post-merger integration activities, including when transitioning third-party agreements to in-house templates and drafting amendments to the target's agreements that are not in line with the client's best practices. This ability to provide multiple, concomitant services during the same review saves clients both time and money.

LEVERAGING TECHNOLOGY

LPOs specialize in leveraging technology to design and implement solutions for efficient M&A transactions. They make it possible for technology to automate what had previously been tedious manual processes, such as programmatically checking for errors. This increases quality as well as significantly reduces review time, which is integral to the success of a time-sensitive project such as an M&A due diligence review.

More importantly, as top-tier LPOs have become more sophisticated, they deliver additional value to their clients by analyzing operational metrics and contract language across M&A projects to identify and implement new efficiencies. This collection of data and development of new processes arises from providing end-to-end support during the course of corporations' M&A transactions. The LPOs can then step into a consulting role, which allows them to recommend best practices and provide solutions based on more efficient processes.

ADDITIONAL ADVANTAGES

In addition, LPOs are in a better position to support serial acquirors, as their exclusive use of permanent employees allow them to form dedicated teams that are intimately familiar

with a particular client's due diligence process and more quickly and effectively perform the required review. In addition, M&A transactions are often quite sensitive, and an LPO's commitment to confidentiality and security ensures that they will be treated accordingly. LPOs with internationally recognized security certifications have reliable security controls and are best equipped to handle the confidentiality requirements clients require for these matters.

CONCLUSION

The use of an LPO continues to emerge as a very viable solution for in-house counsel dealing with the pressures of M&A related work. By establishing a strategic partnership with a top-tier LPO that has demonstrated expertise in providing M&A services, clients can build a team that in effect serves as an extension of their internal legal teams, providing support on an ongoing basis on M&A transactions and for contracts management in general.

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