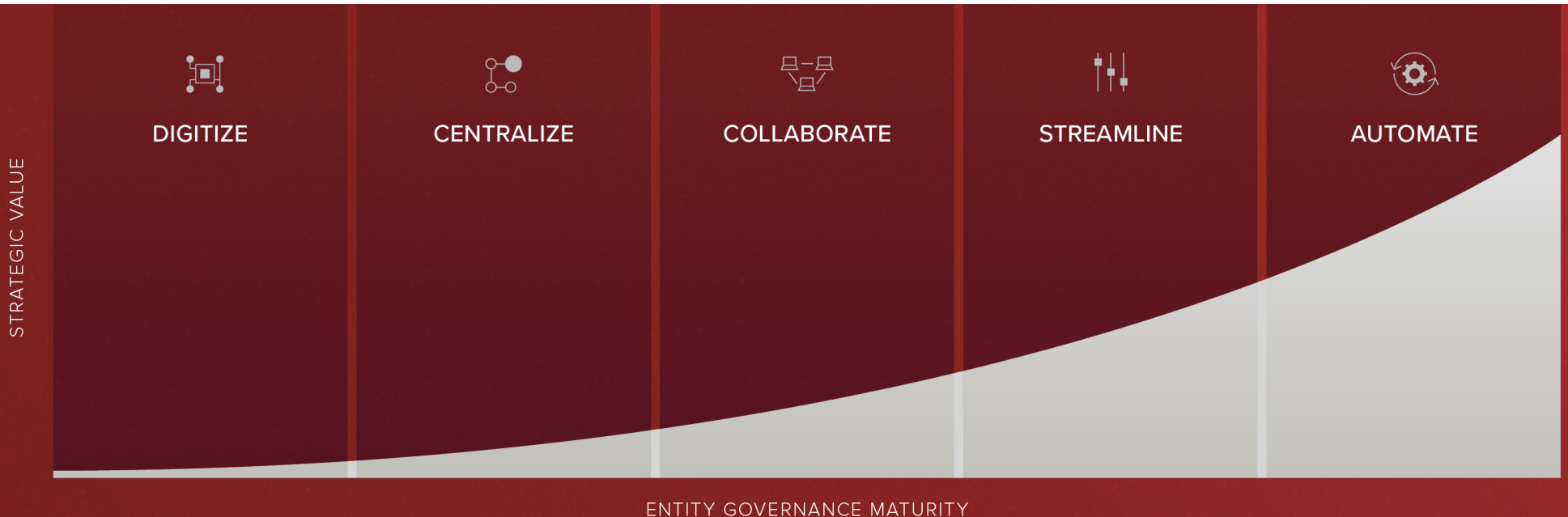


# ENTITY MANAGEMENT MATURITY CURVE

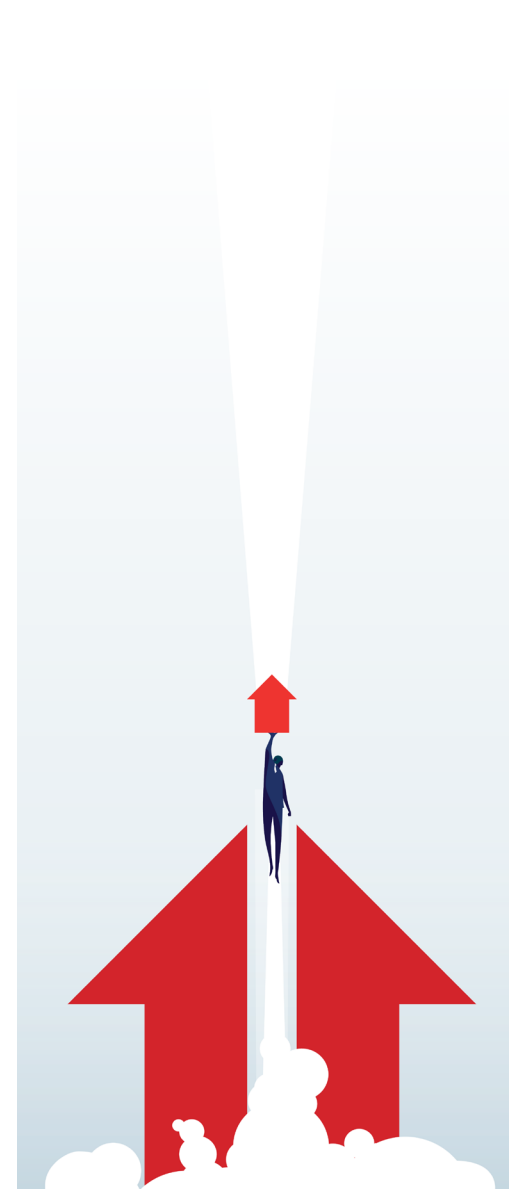
SEE WHERE YOUR ORGANISATION RANKS  
ON THE ENTITY MANAGEMENT MATURITY CURVE



## TABLE OF CONTENTS

# Entity Management Maturity Curve

- 1 Why Entity Management?
- 2 The Entity Management Maturity Curve
- 3 How to Ascend the Maturity Curve
- 4 What's Next for Your Entities?



# Why Entity Management?

---

01

Often, organizations grow in size and complexity without a corresponding growth in the processes to manage it; this is why many were blindsided by a pandemic that prevented them from visiting paper files. Entity management is the practice of reducing the effort required to manage your entities through the tactful application of people, process and technology, such that the data is available to whoever needs it — and secure from those who don't. This helps drive business continuity and helps position the organization for strategic decision-making.

Good governance demands such an approach. It's only when the right people have the right information in a timely manner that executives can steer the business. Starved of such data, it can be tricky to access necessary information on demand, assess risk, rein in runaway subsidiaries, judge the merits of an acquisition or quickly satisfy auditors.

The first step in entity management is establishing a complete, centralized corporate record that includes, as much as possible, all domestic and international subsidiaries.

To establish and maintain that centralized corporate record, many organizations rely on entity management software. Entity management software is designed to serve up accurate and complete entity information to business teams the same way CRMs serve up customer information. At the time of writing, 51% of companies with revenues over \$1 billion use entity management software, versus 40% that rely primarily on spreadsheets. The number of entity management users is quickly rising, and it's creating a "haves" and "have nots" scenario where organizations that manage their entities digitally are more agile than and, as we will explore, tend to outperform their peers.

---

## A Complete Corporate Record

**Data:** Proof of your entity's existence

- **Individual:** Entity vitals, boards, signing authority
- **Collective:** Org structure, intercompany agreements, banking arrangements

**Documents:** Milestones in the life of an entity

- **Foundational documents:** Bylaws, articles of association, etc.
  - **Decisional documents:** Resolutions, powers of attorney
  - **Compliance documents:** Filings
-

**72% of companies say they anticipate implementing entity management software within five years.**

– Compliance Week

### Entity management software offers:

#### Raw time savings

Entity management software frees anyone who spends their week responding to routine requests. For example, everyone within the organization emails one particular person for entity addresses or names. It also reduces the odds of human error and duplicate work, as everyone is working from the same, up-to-date view, with an audit trail.

#### Risk reduction

When the corporate record is complete and accessible, general counsels can query it on the fly. They can ask questions like, “Who are the D&Os of all our subsidiaries in the U.K.?” in preparation for a global event such as Brexit. In this way, legal and business teams are agile, proactive managers of the business.

**26% of in-house legal professionals see global compliance as one of their biggest challenges.**

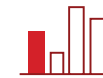
– Deloitte

#### Increased data accuracy

Entity management software facilitates keeping information up-to-date. On its own, all information decays — especially contact information, as people move roles or change titles — at the rate of 25% per year. This is why companies in financial services collectively spend \$3 billion per year on cleansing, appending and correcting services. The more you can institute automatic checks such as, “Is this address still correct?” and the more easily data owners are able to enter accurate information, the lower the rate of avoidable decay.

### Lack of Trust in Data

Organizations lack confidence in the accuracy and completeness of the information in their corporate record



**25%**

the rate at which data decays per year



**23%**

of all spreadsheets contain errors, so spreadsheet-based processes can lead to errors, data leaks and inefficiency



**~\$3B**

the amount of money spent by the financial services industry cleaning entity data

## Cost savings

Entity management software can reduce the cost companies pay to outsourced legal firms to conduct discovery, submit paperwork and stand in as a firm of record. That's because by uniting all the relevant information, some discovery processes are as simple as querying the software, which for users is akin to conducting an online search. And if the software can alert your team to noncompliance in certain jurisdictions, it can help avoid having to rely on expensive outsourcing.

One client of Diligent Entities first became a customer after they had to pay \$250,000 to a law firm to go through its books with a fine-toothed comb. The firm had 100 entities worldwide and only after acquiring a new one did leadership realize the new entity's books were hopelessly out of date. Then, they realized that many of its subsidiaries' books were out of date too. With Diligent Entities, their corporate record is managed and maintained centrally, and alerts are sent when an item is missing or a deadline has passed.

## Fortify investor confidence

Entity management can smooth and possibly accelerate mergers and acquisitions — whether for the acquiree or acquirer. Up-to-date and accurate information along with a record of the company's books, minutes, certifications and financial standing means there's less digging to do, and greater reason to trust that the company is well-managed.

If it all sounds like a dream, the first step — simply centralizing the record — is quite attainable. To begin your journey, and to see how your firm ranks in terms of preparedness, we next explore the concept of entity management maturity.

---

## How to Improve Trust in Your Data

- **Implement guardrails**
  - **Increase the completeness of information**
  - **Increase data validation and oversight**
  - **Increase external data validation points**
  - **Improve cross-team collaboration**
-

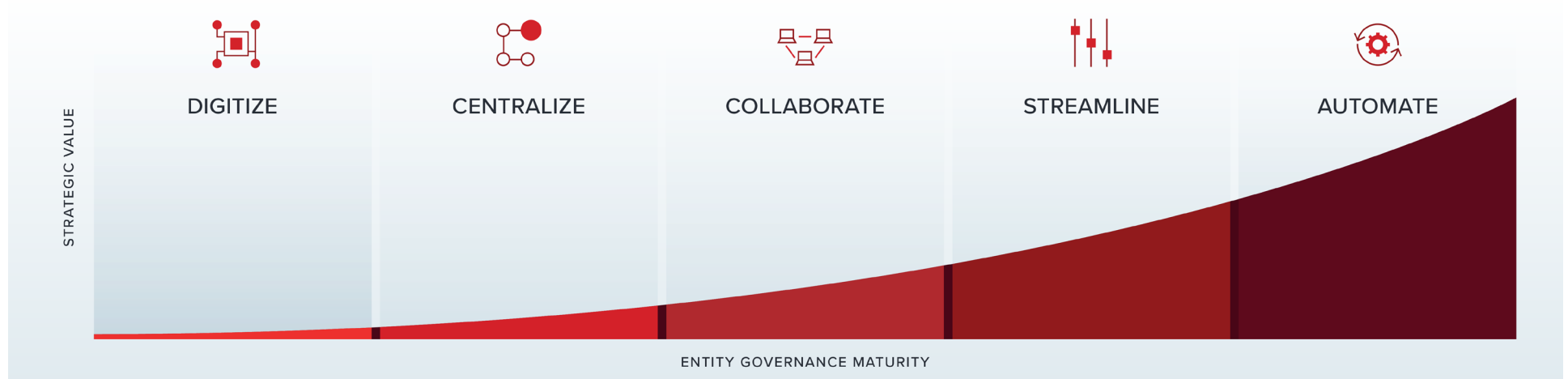
# The Entity Management Maturity Curve

02

Companies at the height of maturity today are not only able to collaborate effectively remotely, but they also automate routine tasks. They're able to hand over the duties of functionary roles to the system, freeing paralegals and management to address higher-order issues. Rather than hunting for information, these organizations spend more time planning and making decisions with it. Take a moment to review the diagram. Where does your organization rank today?

Throughout this chapter, we'll explain each section of the Maturity Curve in relation to an organization's natural lifecycle, and the complications that give rise to the need for maturity.

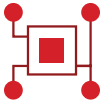
**The Entity Management Maturity Curve is a model designed to help you identify where your business stands today and, by that virtue, what it must do to ascend the curve. The curve is a continuum. What is mature today will be immature tomorrow, but the higher an organization ascends on the curve, the greater its ability to adapt and remain in a leadership position.**



# The Entity Management Maturity Curve

STEP 0	STEP 1	STEP 2	STEP 3	STEP 4
DIGITIZE	CENTRALIZE	COLLABORATE	STREAMLINE	AUTOMATE
<p>Recognize that business as usual results in governance deficits</p> <p>“When I’m asked about signing authority, I reach for the filing cabinet.”</p> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>Excel spreadsheets and paper books</li> <li>Reliant on tribal knowledge</li> <li>No knowledge transfer if someone leaves</li> <li>Little coordination between regions</li> <li>Foreign subsidiaries act with broad autonomy</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Risks are entirely unknown</li> <li>High administrative burden; lots of time spent responding to requests for information</li> <li>No audit history; if information changes, the old data is lost</li> <li>High friction M&amp;A</li> <li>Caught flatfooted in audits</li> </ul> <p><b>To improve</b></p> <ul style="list-style-type: none"> <li>Implement entity management software</li> </ul>	<p>Create a single source of truth for entity information</p> <p>“I spend a lot less time than I used to in Excel.”</p> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>Legal team has timely access to important entity information</li> <li>Easy to respond to requests for information</li> <li>Auditable ‘paper’ trail</li> <li>Prepared for audits</li> <li>Reduced need for outsourced law firms</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Legal still acts as an information bottleneck</li> <li>Difficult to verify who has signing authority</li> <li>Other regions still use spreadsheets</li> <li>HR still generates monthly employee reports so legal can verify directors are still associated with those entities</li> </ul> <p><b>To improve</b></p> <ul style="list-style-type: none"> <li>Standardize entity data across teams</li> <li>Knock down data silos</li> <li>Collaborate to input data</li> </ul>	<p>Unite multiple people, departments and systems around a centralized corporate record to implement proper oversight</p> <p>“Show them they can find the bank account numbers themselves.”</p> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>Entity management system connected with ERP, HCM, CRM, etc.</li> <li>It’s possible to explore “what-if” scenarios</li> <li>Business-wide clarity on where you can and cannot do business</li> <li>Entity management becomes a team sport</li> <li>Able to securely share information with auditors</li> <li>Automatically capture board minutes</li> <li>Can confirm certain topics were discussed in meetings</li> <li>Securely share large files</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Different teams and regions rely on their own processes and forms</li> <li>Administrative burden still moderate</li> <li>Sometimes lose RFPs due to technical noncompliance in a region</li> </ul> <p><b>To improve</b></p> <ul style="list-style-type: none"> <li>Standardize processes and use entity management features to reduce workload</li> </ul>	<p>Allow for easy consumption of entity information so the individuals across the business who need it have self-serve access</p> <p>“What would it look like if we divested that business?”</p> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>File documents straight from entity management software</li> <li>Able to manage entities across many jurisdictions</li> <li>Identify efficiencies: Shut down or merge entities to reduce tax burden</li> <li>Employee leaves the org in HCM, entities platform is automatically updated</li> <li>Integrated eSignatures</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Team members still spending time on lower-order tasks</li> <li>Growing demand to manage new processes and forms</li> </ul> <p><b>To improve</b></p> <ul style="list-style-type: none"> <li>Automate routine tasks and workflows to free team members up for higher-order tasks</li> </ul>	<p>Automate routine tasks and do even more with less</p> <p>“How can I reallocate the time saved to be more strategic in my role?”</p> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>The right people surface the right info on-demand</li> <li>Annual reports templated and mostly automated</li> <li>Entity onboarding and offboarding process</li> <li>Powers of attorney and policy management are automatic</li> <li>Chain of approvals</li> <li>Document assembly</li> <li>Digital health check on entities</li> <li>Reporting for listed and private groups</li> <li>Significant time-savings for administrators</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>New hires from other organizations require retraining from habits acquired at other organizations.</li> </ul> <p><b>To improve</b></p> <ul style="list-style-type: none"> <li>Continue to innovate</li> </ul>

## Step 0 – Digitize



“When I’m asked about signing authority, I reach for the filing cabinet.”

### Characteristics

- Excel spreadsheets and paper books
- Reliant on tribal knowledge
- No knowledge transfer if someone leaves
- Little coordination between regions
- Foreign subsidiaries act with broad autonomy

### Challenges

- Risks are entirely unknown
- High administrative burden; lots of time spent responding to requests for information
- No audit history; if information changes, the old data is lost
- High friction M&A
- Caught flatfooted in audits

### To improve

- Implement entity management software

## Recognize that business as usual results in governance deficits

A small organization with few entities will often find it can manage things with just a few people. It’s frequently when the company begins to grow and create new entities to do business in other jurisdictions that complications set in. At this phase of a company’s entity management maturity, what’s important is digitization. Moving files into cloud storage makes them more secure and accessible across regions, reducing back-and-forth and version control issues.

The challenge here is that much of what happens is dependent upon institutional knowledge. Things are stored according to a folder system that isn’t intelligible to anyone but those managing it, and if they leave, the knowledge leaves with them. Organizations here are often caught flatfooted in an audit, and pay heavily for due diligence during M&A.

It’s never too early to begin evaluating entity management software. In the Digitize phase, it can provide an immutable, auditable paper trail and a platform into which the organization can grow.



# Step 1 – Centralize



“I spend a lot less time than I used to in Excel.”

## Characteristics

- Legal team has timely access to important entity information
- Easy to respond to requests for information
- Auditable ‘paper’ trail
- Prepared for audits
- Reduced need for outsourced law firms

## Challenges

- Legal still acts as an information bottleneck
- Difficult to verify who has signing authority
- Other regions still use spreadsheets
- HR still generates monthly employee reports so legal can verify directors are still associated with those entities

## To improve

- Standardize entity data across teams
- Knock down data silos
- Collaborate to input data

## Create a single source of truth for entity information

At about a dozen entities or so, neither a centralized nor fully distributed administration method cuts it. The central team can’t keep up with the teams in all the different entities, and their communication is throttled by email limitations and time zones. Legal becomes an information bottleneck. Here, it is vital that organizations not only digitize documents, but centralize them — create one shared, secure and editable corporate record.

An organization in this phase cannot successfully operate by way of spreadsheets or paper files alone. These are good backups, but they restrict the agility of leadership to ask questions and make plans. For instance, if important inter-company agreements and signing authority certificates exist in the office of an outsourced European law firm that’s not always easy to reach, the office of the general counsel can miss things and is less able to guide the business.

In this phase, if the business doesn’t already have it, entity management software that accounts for international entities and subsidiaries is necessary. Teams must also establish the sources of truth for particular pieces of information and deputize individuals who are responsible for updating the central record.

## Step 2 – Collaborate



“Show them they can find the bank account numbers themselves.”

### Characteristics

- Entity management system connected with ERP, HCM, CRM, etc.
- It's possible to explore “what-if” scenarios
- Business-wide clarity on where you can and cannot do business
- Entity management becomes a team sport
- Able to securely share information with auditors
- Automatically capture board minutes
- Can confirm certain topics were discussed in meetings
- Securely share large files

### Challenges

- Different teams and regions rely on their own processes and forms
- Administrative burden still moderate
- Sometimes lose RFPs due to technical noncompliance in a region

### To improve

- Standardize processes and use entity management features to reduce workload

### Unite multiple people across multiple departments and systems around a centralized corporate record in order to implement proper oversight

In the Collaborate phase, an organization has its records stored and accessible centrally, but simple access is not enough. With so many people accessing the corporate record and so many divergent and often parallel workflows happening, it must enable them to work in concert.

For this phase, a few things are needed. First, the entity management software must possess detailed user permissions. That way, people can edit or view information based on their role, or share a tranche of information temporarily with auditors and revoke access after the audit is complete. Second, the software must provide a change log so users can see what others have done, and so understand how data is altered over time. For instance, if an entity was renamed, it's important that others can look up its prior name.

With collaboration comes insight. While it's still time-intensive, leaders and the office of the general counsel can explore “what if” scenarios, such as “What if we divested this business?” They're also able to advise other teams what they can and cannot do — like sell into a particular region because a lengthy registration process is required.

In this phase, the need for more and better data grows. What begins as a time-saving process of collaboration can evolve into a full-time job for several individuals to manage. Work becomes a game of enabling work, and the only way to evolve is to document and streamline the processes to reduce manual effort.

## Step 3 – Streamline



“What would it look like if we divested that business?”

### Characteristics

- File documents straight from entity management software
- Able to manage entities across many jurisdictions
- Identify efficiencies: Shut down or merge entities to reduce tax burden
- Employee leaves the org in HCM, entities platform is automatically updated
- Integrated eSignatures

### Challenges

- Team members still spending time on lower-order tasks
- Growing demand to manage new processes and forms

### To improve

- Automate routine tasks and workflows to free team members up for higher-order tasks

### Allow for easy consumption of entity information so the individuals across the business who need it have self-serve access

In the Streamline phase, the demands of newfound workflows have driven the business to pursue integrations. Rather than manually draw information from other stores of business information such as enterprise resource planning (ERP) and human capital management (HCM) systems, teams use APIs to link them all.

The Streamline phase is very much a process of understanding the needs of each business unit and subsidiaries and their uses for and requirements around data and created workflows that reduce manual effort. For example, companies often link their HCM to their entity management software so that if a director is terminated, someone is alerted that their signing authority needs to be invested in someone else. Or if a new, large opportunity with a multinational corporation is created in the CRM, that sales team is alerted to the legal hurdles of closing that sale.

Here, the most successful legal and business teams embrace a culture of service, where their job is to make information available to those who need it on a self-serve basis. At the same time, they coordinate between business units to align legal and entity-management data-related processes. All that's needed is to automate some of those processes so they can help some of the systems manage themselves.

## Step 4 – Automate



“How can I reallocate the time saved to be more strategic in my role?”

### Characteristics

- The right people pull the right info on-demand
- Annual reports templated and mostly automated
- Entity onboarding and offboarding process
- Powers of attorney and policy management are automatic
- Chain of approvals
- Document assembly
- Digital health check on entities
- Reporting for listed and private groups
- Significant time-savings for administrators

### Challenges

- New hires from other organizations require retraining from habits acquired at other organizations.

### To improve

- Continue to innovate

## Automate routine tasks and do even more with less

The Automate phase is the peak of achievement in entity management. Here, organizations have completed the difficult work of centralizing their corporate record, making them collaborative, and streamlining the processes to reduce admin work and risk, and can realize the return on their effort. Teams can begin to hand over routine tasks fully to the entity management software and trust that they're being completed with little oversight.

Here, documents are generated automatically, and routine forms are filed without human involvement. Recurring reports are templated and dynamic, chains of approval and eSignature requests are triggered according to the most up-to-date entity data, and administrators can repurpose their time to higher-order issues. For example, rather than responding to routine requests for information, they can prepare reports on how to rationalize and simplify the entity structures, saving taxes. Or they can better evaluate and mitigate risks they previously didn't have insight into.

Organizations in the Automate phase are more agile than their competitors and tend to experience higher financial performance. They're better able to seize on M&A opportunities. And the office of the general counsel is poised to serve as a consultant to other business units and guide them through challenging moments.

# How to Ascend the Maturity Curve

03

Entity management software is but one piece of the puzzle. As you'll note, people and process factor in as well. Near the last phase of the curve, they all merge: Software begins to automate processes and free people for higher-order business.

**Here's how your organization can ascend the Maturity Curve:**

## Assess your existing entity management process

Before you make changes, learn where your firm stands today. It's not uncommon for different regions to be at different levels of maturity. Some entity management software only functions within the U.S., for example, so one region could be on a platform that others cannot participate in. For each region, assess needs. How many entities are there? What data does each team have and require? What integrations will be necessary?

## Evaluate entity management partners carefully

It's important that you seek out entity management software partners, not simply vendors. True entity management is a journey, not a destination. The more participatory a software provider is, and the more readily they innovate to release new features and train your team, the greater your odds of success.

Consider each software partner's features and integrations based on your firm's list of needs. If a software only operates in one region, or is unable to communicate with the HCM system, it can limit its effectiveness.

## Start small, aim big

It's a good idea to ascend the curve in order. You often won't discover your true needs or the right processes until you centralize your data. It's only then that unforeseen stakeholders emerge and request access, or it becomes clear what processes can actually be automated through, say, document assembly or eSignature.

## Seek and share best practices with peers

Often, the most creative ideas will come from peers who have applied the software in unique ways. Schedule biannual check-ins with your entity management partner to learn what's on their roadmap and what they would recommend based on your current level of maturity.

**Above all, teams can and should think for themselves. There's no one way to apply entity management software, and the right mindset should be to explore ways it can help you achieve your business objectives. Whether it's immediate cost savings through merging subsidiaries or reducing effort by linking teams to information on a self-serve basis, your terms of success should dictate the steps of your journey.**

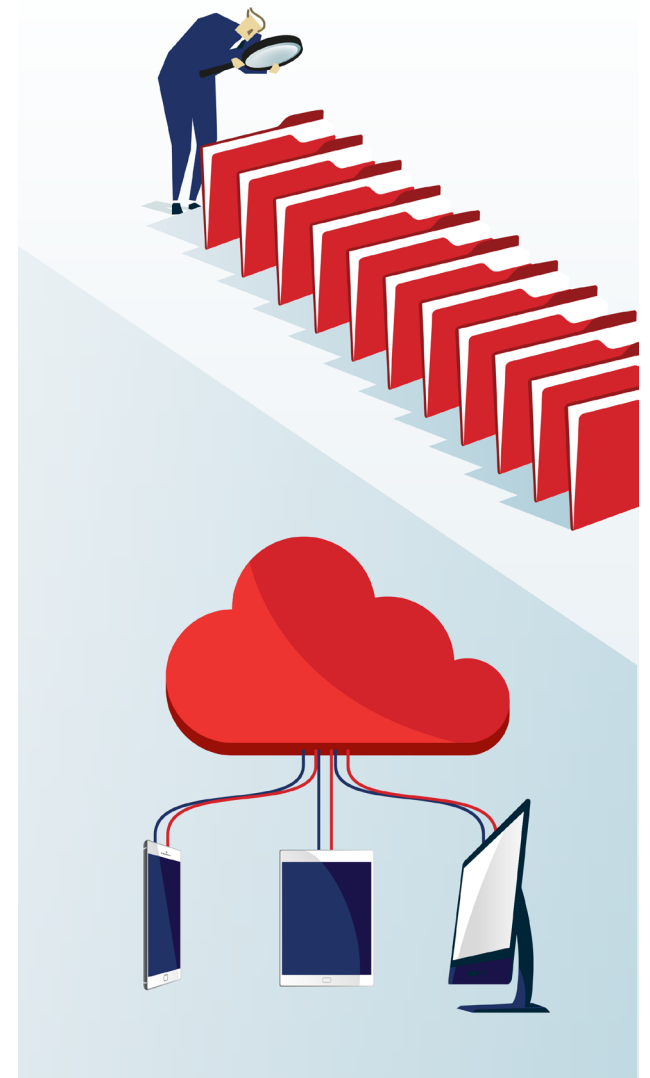
# What's Next for Your Entities?

04

Well-managed entities are a gift that continues to give. Whereas traditional paper- or spreadsheet-bound organizations accrue a sort of “administrative debt” as old data and lost documents compound, software-defined entities improve with time. The central corporate record grows more true and more useful. Other teams will emerge with good, often innovative, uses for the data upon request. Legal and business teams are in an excellent position to provide the data, and control access so stakeholders have only what they need, and risk remains low.

Users of entity management software report higher levels of confidence in conducting their jobs. They find they're better able to spot issues or risks in an entity or subsidiary than their peers using spreadsheets, and to identify delinquent subsidiaries in time to take action. In short, they're more effective and more prepared for the unexpected.

**The question for readers is quite simple: Will you assess your maturity now, and act before your hand is forced? Digitization is inevitable. Remote work has already become standard. Collaboration is a matter of existential importance. Any spreadsheets and custom-built systems your organization has designed are a wonderful early start. But the future of good governance rests on entities being software-defined and operated.**



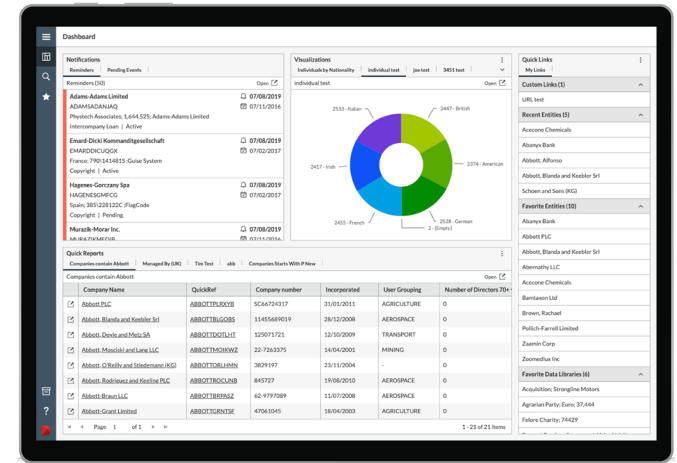
# What Is Diligent Entities?

As a Diligent Entities customer your organisation is already ahead of the game. Are you ready to take the next step to:

- Facilitate better collaboration and self-service to give even more time back to key resources
- Evolve efficiencies at a greater scale through amplified automation and new integrated processes
- Be next-level ready in preparation for strategic growth opportunities

Get in touch with your Diligent Representative or [click here to book a demo.](#)

**LEARN MORE** ➔



Connect with the Diligent team to learn how Diligent Entities can help your unique organization grow strategically.

Call: +1 877 434 5443