



Navigating the Future:

Entity Management Software for Long-Term Success

The right technology can strengthen corporate governance and aid companies in future-proofing against challenges ranging from cybersecurity and data privacy to regulatory changes and business transitions



Introduction:

At a time when the business landscape is evolving at an unprecedented rate, the ability to foresee, prepare for, and navigate myriad challenges is not just an advantage — it's a necessity. The ever-shifting economic landscape is filled with current and future obstacles to growth that require strong business operations and robust risk mitigation strategies. While the crystal ball that predicts a company's future needs hasn't been invented yet, increasing regulatory requirements, complex global operations, and an unpredictable world economy have made it imperative for organizations to be nimble and proactive to try and anticipate the future.

At the heart of this increased requirement for agility lies the need for technological tools to help future-proof your business. Entity management software plays a critical role in enabling companies to optimize operations for organizational success. It's a business-critical tool that helps companies stay prepared for a host of concerns and issues that span all aspects of operations, such as:

- Compliance and regulatory changes
- Evolving corporate governance needs
- Economic uncertainty and financial distress
- Unexpected lawsuits and legal issues
- Cybersecurity concerns and data breaches
- Ownership and management transitions
- Mergers and acquisitions, initial public offerings, and other exit events

Implementing the right entity management software can help mitigate these issues and allow your business to streamline operations, ensure regulatory compliance, foster collaboration, and create actionable insights.

Below, you'll find a guide to the **"Why,"** the **"What,"** and the **"How"** of leveraging entity management software to mitigate business risk. It's the first step toward future-proofing your business against the unforeseen perils that lurk in the shadows and ensuring that your company not only survives but thrives in the face of uncertainty.



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The WHY

Riddled With Risk: The Contemporary Business Landscape

As economies become more complex and interconnected, the modern corporation is navigating an increasingly risk-filled path. Core threats that businesses face include increased government scrutiny and complicated compliance requirements, economic instability and operational risk, data breaches and cybercrime, and transition planning and execution.

- **The Importance of Corporate Governance and Compliance Has Skyrocketed**

In a time of increased government and public scrutiny, corporate governance has become one of the top priorities for businesses. Lapses in governance lead to many costs, both overt and hidden. A report by KPMG's Forensic Accounting division highlights flawed corporate governance as the main driver behind corporate failure and fraud. Creating transparency and accountability is a core component of effective corporate governance, with key functions like monitoring incentive structures, internal controls, and audit processes as part of this business-critical foundation.

Adapting to shifting regulatory compliance landscapes is also critical as the business sector becomes increasingly regulated globally, particularly for businesses with entities in multiple legal jurisdictions. A 2023 publication by Thomson Reuters found that the workload for regulatory compliance

professionals has increased substantially due to increased compliance requirements, and that the amount of regulatory change on the horizon is one of their greatest challenges. A report by the Competitive Enterprise Institute found that large companies estimate the annual cost of compliance at up to \$10,000 per employee. The same report estimates that total compliance costs for businesses average \$1.9 trillion annually.

- **Economic and Operational Security and Risk Management Remain Key**

Economic risk remains one of the biggest challenges that corporations face today. In a recent report from Deloitte Insights, analysts termed economic risk as relatively high, placing the chances of an economic recession at 20%. A business environment fraught with upheaval highlights the need for companies to improve their ability to navigate challenges in an environment of economic uncertainty.

Operations risk management encompasses a broad range of functions, including finance, tax, and human resources. In the face of complex business needs, increasing a corporation's ability to respond to operational needs and mitigate operational risks is key.



According to **data from PwC**, 51% of risk executives state that increasing their business's agility to respond to operational needs is critical to their future ability to grow.

Lawsuits and legal risks are embedded in the business world. Companies are now navigating an increasingly litigious landscape and need to plan accordingly. An **annual litigation trends survey** by a major national law firm found that close to 50% of the respondents experienced increased legal exposure in 2022, with legal disputes filed by both private companies and government agencies on the rise.

Cybersecurity and safeguarding sensitive data and customer trust are more important than ever before, but this arena requires more oversight resources than many companies possess. A **2023 report from global accounting firm KPMG** found that 44% of corporate audit committee members believe that data privacy and cybersecurity is one of their company's highest risk areas in terms of potential oversight gaps.

- **Preparing for Leadership Changes and Exit Events is Critical**

Ownership and management changes are critical junctures in the business life cycle, and ensuring smooth transitions requires planning and effective processes. But many transitions go astray, leading to financial or reputational damage to the company. For example, an **article in Harvard Business Review** cited poor transition planning as a driving force behind decreased company valuation, with an estimated cost to S&P 500 companies of up to \$1 trillion in market value annually.

Exit events such as mergers and acquisitions or initial public offerings are "make or break" moments for businesses and come with a host

of complex compliance and due diligence requirements. Preparing for efficient and profitable exit events requires advanced planning for everything from the data needed for due diligence to responding to government scrutiny. A 2023 **insights report** by a global law firm found that heightened regulatory scrutiny would lead to increased due diligence demands placed on companies approaching exit events.



Case Studies: The Pitfalls of Poor Corporate Governance

- *Missing Information Delays a Critical Corporate Acquisition*

A company in the energy industry was poised to enter an acquisition deal, a keenly anticipated revenue event for the organization. The problem? A single piece of company owner identification, needed to meet legal filing requirements for the acquisition, was missing. The acquisition was delayed by a full three months, setting the company's overall revenue goals and strategic timeline back substantially. If the company had implemented an effective entity management software solution, the needless delay and resulting impact on revenue would have been averted.

- *Flawed Due Diligence Leads to PR Damage and Reduced Company Valuation*

The acquisition of X (formerly known as Twitter) in 2022 made news for many reasons, most notably due to the near implosion of the deal because of failures in due diligence. As the deal approached closure, information about Twitter's operations came to light that substantially decreased the acquiring party's valuation of the company. After a near failure of the deal and a very public lawsuit, the transaction finally closed. The public relations damage and the subsequent impact on the company's value could have been avoided with an entity management software implementation that facilitated a complete operational and commercial due diligence process.

- *Illegal Payments by an Overseas Subsidiary Result in Massive Fines*

Multinational building material corporation Lafarge was acquired by Swiss-based Holcim in 2015. Not long after the acquisition, it came to light that a poorly monitored Lafarge subsidiary in Syria had made illegal payments to a terrorist organization there. Holcim was indicted in France over the payments and fined \$778 million by a United States court. The company suffered substantial reputational and financial damage due to the illegal payments, which could have been prevented with a software implementation that enabled effective corporate governance and scrutiny of their Syrian subsidiary's recordkeeping practices.

The WHAT

An Essential Tool for Corporate Governance Success

When navigating the complexities of the business issues outlined above, entity management software is a fundamental, foundational component of business goals and objectives. At its core, it provides mission-critical tools that allow corporations from all industries to future-proof against the myriad challenges faced by businesses today. What can entity management software do for your business?

- **What Can My Business Accomplish With It?**
 - Oversee a complex system of entities, subsidiaries, and affiliates
 - Keep the company and all associated entities or subsidiaries in compliance with a broad and ever-evolving array of international, federal, state, and local regulations
 - Fuel data-based insights and strategic decisions



- Manage documents and data, facilitate compliance, and automate reporting
 - Enable communication and secure collaboration throughout the company and all its entities
 - Create protected access to all records and allow secure access to both internal and external stakeholders
- **What Key Features Does It Have?**

The key features and capabilities of entity management software address a broad array of business needs, such as:

- Systems and features for meeting compliance regulations and preventing regulatory lapses, such as compliance calendars and deadline reminders and key data aggregation capabilities, including officer and director information and entity locations
- Strategic data management capabilities that support all stages of a business life cycle, from growth and expansion to exit events such as initial public offerings or mergers and acquisitions
- Robust and dynamic custom reporting capabilities that support strategic decision-making
- Customizable workflows that support the company's core objectives and eliminate tasks like repetitive data entry
- Integrated features such as document signing capabilities and organizational charts
- Cloud-based, state-of-the-art data security and constant upgrades designed to mitigate an ever-changing landscape of cybersecurity threats
- Regular feature upgrades and constant expansion of the software platform's functionality

• **What Success Metrics Can My Organization Achieve With It?**

The right software can help any corporation achieve its goals and target metrics. Core goals and metrics that entity management software can help your business achieve include:

- Ensure proactive regulatory compliance and management of filings and deadlines
- Reduce financial, legal, environmental, reputational, and data safety risks
- Create actionable data and information that is up to date and accessible
- Institute a universally accessible central source of truth for all key corporate data, usable by both internal teams and external stakeholders when needed
- Facilitate data management to generate strategic insights and real-time decision-making
- Decrease costs and streamline operations by reducing staff time required for repetitive tasks and workflows
- Build a streamlined corporate governance structure



The HOW

Effectively Leverage Entity Management Software

Entity management software can be utilized in many ways – for preparation, challenge mitigation, and achieving business objectives. Below are concrete ways to put this powerful tool to work for your organization.

- *Leverage It: Entity Management Software for Proactive Preparation and Resilience*

A cloud-based single source of truth can help corporations get ahead of regulatory requirements, guard against data compromise and other threats, and create a proactive culture of compliance. Here are some steps your organization can take with the right entity management software to achieve those goals and future-proof your operations.

Proactively Adapt to Regulatory Changes:

As the sands of compliance regulations constantly shift at the national, state, and local levels, customers must adapt to meet ever-changing requirements. Here are some steps organizations can take to get ahead of the curve:

- Ensure universal data visibility and accuracy and eliminate data silos with a central location for all information
- Enable “set-and-forget” compliance filing reminders and alerts to eliminate lapses and missed deadlines

- Forecast future compliance needs and the resources required to meet them to eliminate reactive compliance management

Build a Culture of Compliance:

Creating a culture of compliance and risk awareness requires the right systems, processes, and procedures. To create a corporate culture that embeds regulatory compliance at all levels, here are some key systems to put in place:

- Assessment plans and tracking mechanisms for compliance metrics
- A software system that creates universal information access paired with custom read/write permissions to empower everyone on the team to take ownership of critical processes
- Tailored automated workflows to enable seamless processes and minimize the risk of errors and mistakes in repetitive tasks

Strengthen Data Security:

In an age of massive data leaks and cyberattacks, data security is paramount. Cloud-based data management that is constantly updated to the latest threats paired with a strong internal corporate governance system is key. Want to strengthen your data security? Here are some actions you can take:

- Create and embed a strong corporate governance framework to protect sensitive data and assess data and cybersecurity risks



- Monitor and adapt data-access permissions as needed throughout the company and affiliated entities
 - Track and manage conformance with data-handling procedures and policies to ensure consistency at all levels of the organization
- *Leverage It: Entity Management Software to Mitigate Future Business Challenges*

Want to be future-proof against risk and challenges? With the right entity management software for corporate governance, your company can:

- Create transparency and accountability at all levels of the organization: The right technological solutions enable visibility and control at all levels and branches of the organization. This includes monitoring for compliance needs and other corporate governance requirements.
- Streamline compliance processes and ensure compliance deadlines are met: Planning for compliance requirements requires proactivity and forecasting due dates for everything from annual reports to securities filings. Supporting information and documentation required for regulatory filings is immediately available, and planning for deadlines is “set and forget” with tasks and reminders.
- Enhance risk assessment and management: Mitigate the risk of compliance lapses, mitigate regulatory issues, and enhance oversight with a central source of truth that provides up-to-date and accurate information.

- Create an early warning system for potential issues: Flag potential lapses in subsidiary compliance before they occur, implement strong corporate governance across jurisdictions, create visibility into all entity operations, and enable a proactive approach to potential future risks.

Getting Real: Corporate Governance Success Stories Using Entity Management Software

While the risks and the benefits of future-proofing can seem abstract, these case studies show the real-life benefits of entity management software. These companies achieved substantial ROI from their entity management software implementations, ranging from savings on outside legal fees and professional services to reduced staff time and operational silos.

- *Private Equity Firm Saves Over \$1M Annually With Athennian*
A private equity firm was spending substantial funds on outside counsel and professional service firms, including up to \$300,000 each year on changes in organizational charts required to meet compliance obligations, up to \$240,00 annually on requirements for Know Your Customer (KYC) regulations, and up to \$5,600 per month on other outside counsel fees. The firm implemented Athennian and saw



an immediate reduction in expenditures, eliminating the need for professional services and outside counsel by automating workflows and bringing organizational chart generation and other KYC compliance functions in-house. After implementing Athennian, the firm estimates a total future savings of \$1 million annually from eliminating outside counsel and professional service fees.

- *Real Estate Firm Automates Workflows and Reduces Staff Time by 95% Using Athennian*

A major company in the real estate sector required 3,000 hours of staff time per year to meet regulatory requirements such as Corporate Transparency Act filings. The company implemented Athennian and centralized the data required for compliance filings. The company also created automated workflows to reduce their reporting burden and generate forms automatically. After implementing Athennian, staff time required to meet the firm's compliance obligations went down by 95%, an estimated savings in time and fees of \$285,000 per year for CTA compliance alone.

- *Multinational Company Eliminates Data Silos With Athennian*

A global technology company with 31 subsidiaries across 24 countries provided clients with cutting-edge data solutions but struggled internally with siloed data and lack of transparency and collaboration among departments. Entity management software was mission-critical for the organization. After implementation, Athennian helped the company streamline legal processes and enabled information sharing company-wide, eliminating data silos and reducing time required for the legal department to respond to information requests.

The company also implemented features such as Athennian's organization charts. The company anticipates that it will reduce legal operations research time by 75% with Athennian.



Getting Real: Corporate Governance Success Stories Using Entity Management Software

Once you've identified the areas of risk that your organization faces and are ready to act on them, selecting and implementing entity management software is the next step. Selecting the right entity management software to help future-proof your organization is a complex process. The first task is to assess your organization's unique needs and requirements, both now and down the road. After a needs assessment, the next step is to compare potential software platforms and select the right fit for your organization. Thoughtful questions to potential vendors and a checklist of key features for your unique needs are key.

The [Entity Management Software Buyer's Guide](#) provides tools and tips to support your buying process. It provides an in-depth look at the buying journey along with software assessment tools like vendor questions, checklist examples, and comparison guides.

After your organization has purchased the software needed to support your organizational goals, the next step is training and onboarding. Implementing new software and associated policies and procedures seamlessly across departments can be challenging. Effective onboarding and training to maximize utilization is complicated. For an in-depth look at how to optimize onboarding, training, and software utilization across your organization, download the [Athennian Onboarding Guide](#).



Want to Achieve Organizational Resilience and Long-Term Success? Entity Management Software Can Help.

The challenges found throughout the business world are real and growing every day. To navigate the stormy seas of corporate risk, organizations need to embrace technological advancements in corporate governance and foster a proactive mindset throughout the organization.

Continuous improvement and adaptability are key, and setting your organization up for long-term success requires forethought and planning. Implementing entity management software like Athennian is the first step. While no one has a crystal ball, implementing the right technology and tools can guard against unanticipated negative impacts and help make your organization future-proof.

Want to learn more?

[Request a demo](#)

Take a Tour of Athennian

Get an understanding of how Athennian's intuitive workflows can supercharge your workday.

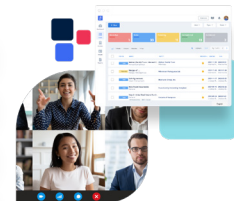
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