

ALIXPARTNERS' 2019 LITIGATION AND CORPORATE COMPLIANCE SURVEY

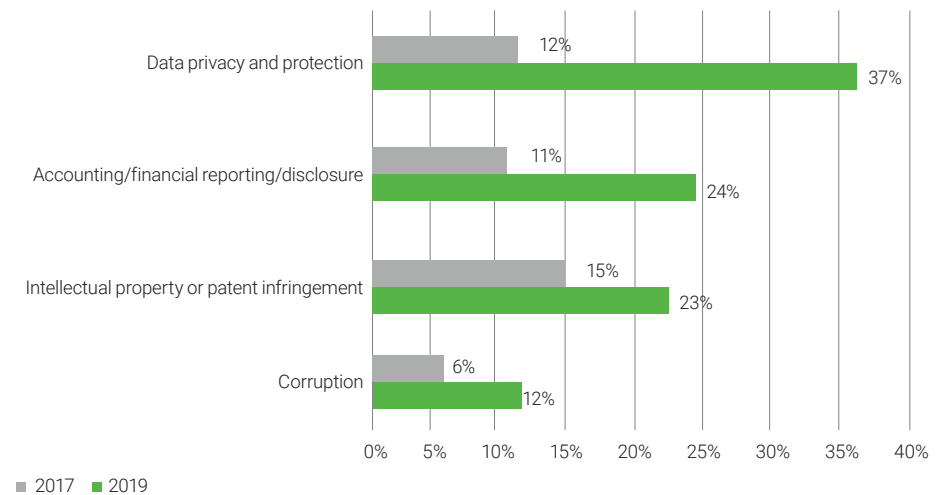
Our annual survey of general counsel and compliance officers shows the rise of litigation matters on multiple fronts – and in-house litigation departments moving aggressively to respond.

AT A GLANCE

- 1 Data privacy and data security issues continue to be top-of-mind for in-house counsel, with **94% and 92% citing data security and information governance, respectively**, as key issues over the last two years.
- 2 In-house legal departments are bulking up. A surge in hiring and spending on internal resources, coupled with increased use of outside law firms suggests that the threat of a dispute is high. **1 in 6 respondents have been involved in a bet-the-company dispute.**
- 3 **Litigation is on the rise.** Since our 2017 survey, our respondents have indicated increased involvement (read: more than double) in data privacy, financial reporting, and corruption.

51% of respondents say that matters are increasing, up from 25% in 2017.

FIGURE 1: WHAT TYPES OF LITIGATION HAS YOUR ORGANIZATION BEEN INVOLVED IN THE PAST 12 MONTHS?



2019: 1 IN 6 of our survey respondents said they had been involved in a bet-the-company lawsuit.



INTELLECTUAL PROPERTY

Over the last two years, IP disputes have increased (31% of respondents in 2019 noted that their involvement in IP matters has increased, up from 15% in 2017). Patent litigation filings are continuing to decline, but trade secret litigation is on the rise, especially since passage of the Defend Trade Secrets Act in 2016.

CROSS-BORDER CONCERNS

The percentage of survey respondents who said they've been involved in a cross-border litigation in the past year jumped from 23% in 2017 to 38% in 2019.

Most commonly cited regions:

- North America (55%)
- United Kingdom (20%)
- China (17%)

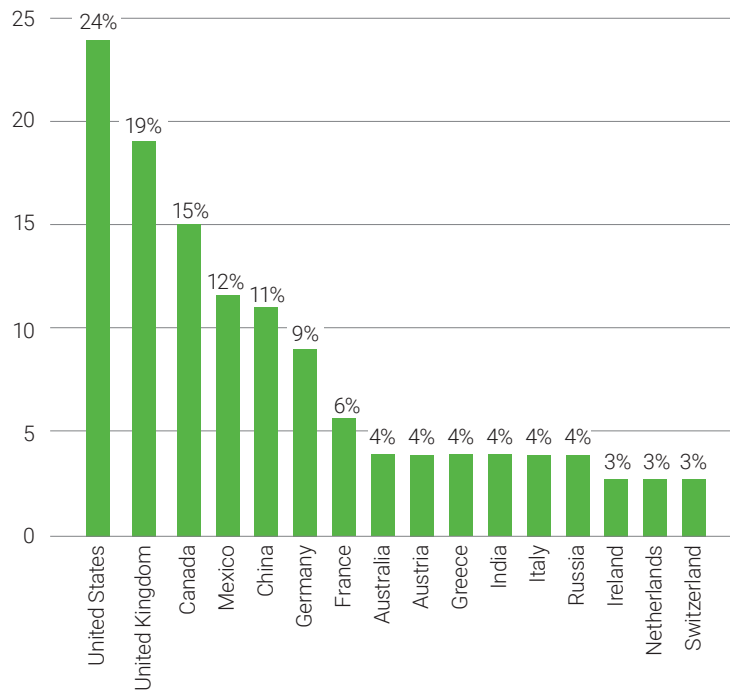
INTERNATIONAL ARBITRATION IS ON THE RISE

In 2017, 45% of respondents said they had been involved in an international arbitration. This year, 67% of respondents said they had been involved.

In last year's survey, 20% of our respondents said their firms had been involved in more than 4 international arbitrations. In our latest survey, that number jumped to 40%. This suggests that companies involved in new arbitrations will see more.

FIGURE 2: FOCUS ON CROSS-BORDER DATA CHALLENGES

North America and the UK are the top regions where companies face regulatory challenges involving cross-border data issues.



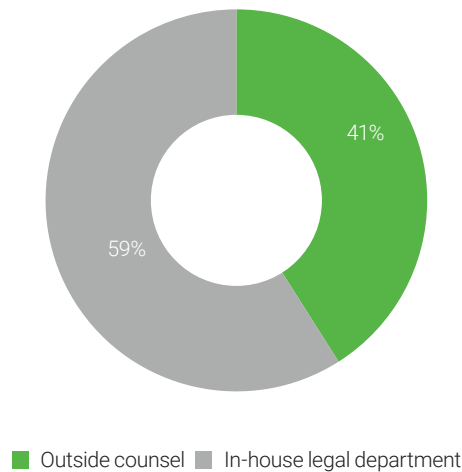
IN-HOUSE LITIGATION DEPARTMENTS

INCREASING INTERNAL RESOURCES...

The number of survey respondents saying their company's in-house litigation department had increased in size jumped from 26% in 2017 to 49% for 2019.

Meanwhile, the number saying their company has spent more on litigation rose from 39% to 50% in that same time frame.

FIGURE 3: LITIGATION SPENDING



....WHILE ALSO INCREASING EXTERNAL SPEND:

In 2017, 24% of our respondents said their company was making greater use of outside law firms. In 2019, that number rose to 33%.

Decisions, decisions, decisions: how do in-house counsel choose outside counsel? The most important areas under consideration:

SUBJECT MATTER EXPERTISE

68% cited as extremely important

RESPONSIVENESS

57% cited as extremely important

Other influencing factors cited as important:

- Service differentiation: 44%
- Prior relationship: 39%
- Personalities of team: 37%
- Rates/fees: 34%

IN-HOUSE LAWYERS ARE LOOKING TO REDUCE RISKS

Three strategies are on the rise:

- 1 Implementing technology as a tactic has increased more than 50% in the last two years (38% noted as increasing in 2017; 59% in 2019)
- 2 Monitoring and enforcing document retention policies (32% noted as increasing in 2017; 44% in 2019)
- 3 Leveraging data and analytics for compliance monitoring (27% noted as increasing in 2017; 40% in 2019)

And others remain consistent:



Reviewing existing compliance programs and identifying gaps



Conducting compliance audits and documenting results



Conducting business-unit compliance reviews



Developing a litigation response plan



Improving due diligence procedures



Enhancing education and training

What's top-of-mind for in-house counsel?

94%

Data security

92%

Information governance

89%

Early case assessment

88%

Controlling costs

83%

Retaining more litigation-related work in-house

83%

Global compliance issues

77%

Alternative fee arrangements

AlixPartners' 2019 Litigation and Corporate Compliance Survey was conducted during October 9, 2018, through November 5, 2018. The survey polled more than 200 corporate counsel, legal, and compliance officers at US and European companies with annual revenues of \$100 million or more.

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