

InBrief

Class actions and regulatory disputes increase as bet-the-company litigation persists

Bet-the-company cases persist. Class actions soar. Disputes involving regulatory matters continue to rise.

AT A GLANCE

- 1** Nearly one in ten respondents have been involved in a "bet-the-company" lawsuit.
- 2** 92% say the number of class action disputes their company has been involved in increased or stayed the same.
- 3** 23% say their companies have been involved in a dispute related to data privacy, up from 13% in 2013.
- 4** 60% of US respondents and 63% of European respondents say data security is important in managing risk.

Data security remains a concern for corporate legal departments. Litigation departments are expanding, with fewer companies cutting spending.

- Nearly one in ten companies (8%) have been involved in a bet-the-company lawsuit.
- 53% say such lawsuits were class actions – compared with 15% in our 2015 survey.
- 27% say these suits involved regulatory issues or investigations – compared with 22% in 2015.

- 92% say the number of class action disputes their companies have been involved in either increased or stayed the same.
- 91% say the number of M&A disputes either increased or stayed the same.
- 23% say their companies have been involved in disputes related to data privacy.
- 44% say their companies have been involved in international arbitrations in the past 12 months – compared with 30% in 2015.

FIGURE 1: Majority of inside counsel cite the following issues as "important".



Inside counsel say they believe technology can reduce risk, and their purchasing decisions focus on reliability and security.

- 96% say the implementation of new technologies to mitigate risk has either increased or remained the same.
- 60% say data security is important in managing risk; 46% say information governance is critical to managing risk.
- 30% say they would pay more for certified data centers.

96%

say implementation of new technologies to mitigate risk has increased or remained the same

Corporate legal departments: What's being spent, and who does the work?

- 93% say the size of their companies' litigation departments either increased or stayed the same.
- 22% say the use of outside law firms increased – compared with 21% in 2015.
- Only 6% say spending on litigation has decreased, compared with 16% in 2015.

Companies are remediating gaps, conducting audits and training, and implementing new technologies to reduce litigation risk (percent that increased those steps to reduce risk):

55%

Compliance program gap identification

47%

Education and training

47%

Compliance audits

38%

Implemented new technology

ALIXPARTNERS' ANNUAL LITIGATION AND CORPORATE COMPLIANCE SURVEY

The AlixPartners Litigation and Corporate Compliance Survey polled 300 senior executives – general counsel and compliance officers – at US and European companies with annual revenues of \$150 million or more between June and October, 2016.

ABOUT THE AUTHORS

For more information, contact: Harvey Kelly, Managing Director on hkelly@alixpartners.com or +1 (646) 746-2422 and Sean Dowd, Managing Director on sdowd@alixpartners.com or +1 (212) 845-4029.

The opinions expressed are those of the author and do not necessarily reflect the views of AlixPartners, LLP, its affiliates, or any of its or their respective professionals or clients. This article regarding "Annual survey of litigation and corporate compliance practices" ("Article") was prepared by AlixPartners, LLP ("AlixPartners") for general information and distribution on a strictly confidential and non-reliance basis. No one in possession of this Article may rely on any portion of this Article. This Article may be based, in whole or in part, on projections or forecasts of future events. A forecast, by its nature, is speculative and includes estimates and assumptions which may prove to be wrong. Actual results may, and frequently do, differ from those projected or forecast. The information in this Article reflects conditions and our views as of this date, all of which are subject to change. We undertake no obligation to update or provide any revisions to the Article. This article is the property of AlixPartners, and neither the article nor any of its contents may be copied, used, or distributed to any third party without the prior written consent of AlixPartners.