

DIGITAL TRANSFORMATION

Things on our mind

1 GOOD GOVERNANCE IS KEY

- Digital transformation can take many forms, but always requires good internal governance and risk analysis as it carries operational, reputational and regulatory risk.
- Having clear, measurable objectives which fit within agreed risk parameters will help enable good governance of the transformation project, avoid scope creep and allow key documentation to reflect the project's aims.
- Ensure internal audit / approval committees understand the tech and related risks and have sufficient authority and knowledge to challenge where needed. This is particularly important with fast-moving technologies such as AI, where regulators have shown they expect sufficient risk mitigation to have taken place prior to deployment.
- Boards and senior managers must also be sufficiently briefed to enable them to make informed risk decisions.

2 TRANSFORMATIONS DRIVING M&A

- While market uncertainty may continue as interest rates fall more slowly than expected, M&A activity is likely to increase - driven by distressed M&A, an abundance of PE capital to invest, corporates seeking strategic acquisition opportunities and digital transformation.
- However, this may raise competition concerns, particularly where key technologies (AI, quantum etc.) or 'big-tech' is involved.

3 KEEP MATTERS ARM'S LENGTH

- When procuring technology and services to enable digital transformation, ensure that both: (i) the agreement underpinning the project (e.g. a transformational outsourcing arrangement); and (ii) the monitoring of the relationship, are conducted at arm's length. This is especially relevant where arrangements are intra-group.
- Regulators will expect appropriate processes to have been followed around supplier selection and management (including due diligence, contractual protections and audit), which can be a challenge for certain groups.

4 WHEN THINGS GO WRONG

- Projects can, and do, go wrong - as illustrated by some high-profile regulatory investigations and fines (e.g. TSB).
- In addition to resolving any issues, it is important to identify (through internal investigation) and implement lessons learnt and prepare for possible follow-on regulatory actions and defending or bringing claims. This should all be considered from the outset in any incident response.
- CrowdStrike's 2024 outage highlights the global nature of many technology arrangements. Investigations and incident response may therefore require cross border management.
- AT&T's recent US claim against Broadcom is also a reminder that vendors may strictly manage their arrangements (auditing customer's licensing compliance, withholding support etc.). Customers should therefore check their use, and consider how to avoid vendor lock-in.

5 FOCUS OF FINANCIAL REGULATORS

- Operational resilience is key, particularly in regulated sectors. Whether procuring new technology, developing their own or undergoing a technology migration, regulated firms will need to take a proactive approach to potential areas of vulnerability and invest in their resilience.
- Senior managers at most regulated firms will be held accountable for their decisions and behaviour throughout a transformation process under the Senior Managers and Certification Regime.
- Where retail customers are involved, under the FCA's new Consumer Duty good consumer outcomes must be a key objective of any digital transformation.
- Finally, the digitalisation of the financial services sector is prompting a new regulatory approach to tech companies in both the UK and EU, with immediate consequences for digital transformation planning.

6 ACCESS TO DATA

- Data commercialisation can drive digital transformation, but access to data is still an issue.
- Will new data laws help? For example, the EU's Data Act and Data Governance Act and the UK's new Digital Information and Smart Data Bill all aim to increase access to data and encourage certain data use.

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Our Practice

The digital transformation process can help businesses take advantage of a multitude of opportunities - facilitating entry to new markets or sectors, enhancing customer engagement, increasing efficiencies and establishing a strong presence in a digital era. However, transformation projects also come with risk if not executed effectively, and some high-profile failures have highlighted the impacts of getting it wrong.

We help clients navigate the full spectrum of commercial and corporate work relating to their digital transformation projects. These range from the development and roll-out of digital products or services through to the adoption of digital solutions to help manage risk, reduce costs or increase efficiency. We support clients engaging with third parties to leverage digital opportunities (including by way of investment, collaboration or transformational outsourcing arrangements), help them overcome regulatory obstacles, and manage litigation, claims and investigations arising from unsuccessful transformation programmes.

Our team is made up of experienced lawyers from across our Tech and Digital, Data, Corporate, Competition, Financial Regulatory, Disputes and Investigations, Public Procurement, Tax, Pensions and Employment and ESG practices. We work with clients throughout the transformation lifecycle - from project inception and RFPs, the tendering, procurement and contracting processes, supplier management and mid-term deal “health check” workshops, through to effective transitioning at the end of a deal.

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We publish regular insights on tech and digital matters. See for more information:

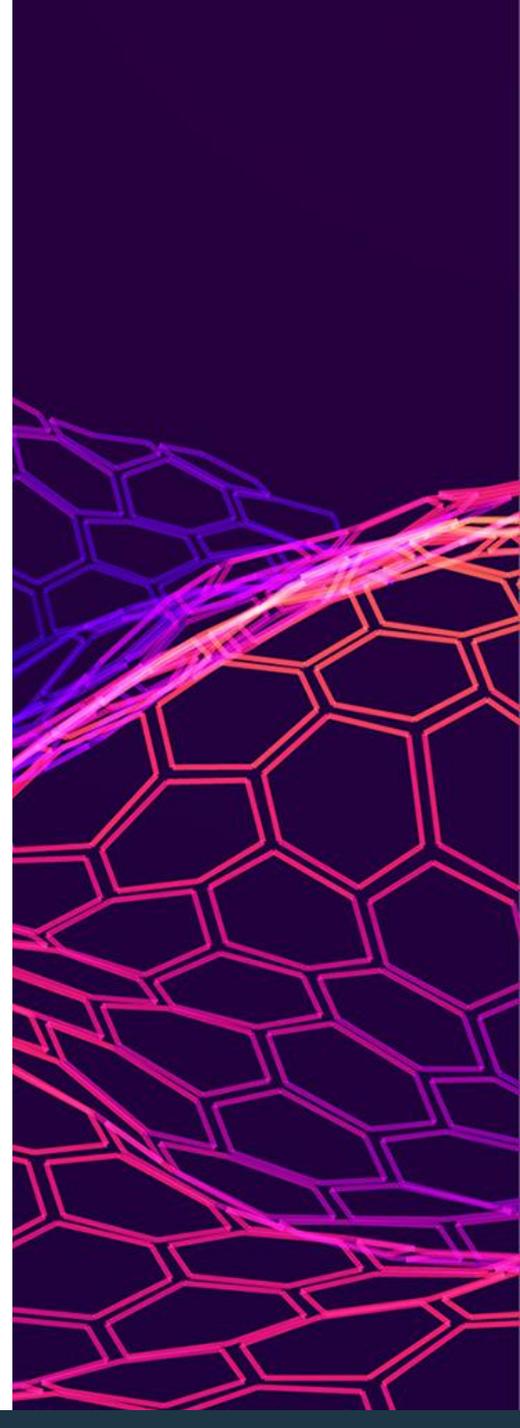
[Lens blog](#)

[Tech & Digital Insights](#)

If you would like to speak to anyone about a digital transformation matter, please contact one of the team below or your usual Slaughter and May contact.

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This information is for information only and does not constitute legal advice



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Our Experience

Product/Service Development

- **DeepMind Technologies** on the technology aspects of both its day-to-day work and larger strategic projects
- **A leading financial services provider in travel and leisure** on the creation of an affinity credit card mobile app and the establishment of a white-label, fully serviced, mobile banking platform with a leading outsourced platform provider
- **Orient Overseas International** on the development and licensing of a blockchain software platform as part of the digitisation of its logistics business

Procurement

- **Ericsson** on its transformational, multi-jurisdictional outsourcing of VEON's business support systems, using Ericsson's software and cloud technologies
- **Legal & General Investment Management** on its transformational, regulated, enterprise-wide outsourcing to State Street of its front office services, middle office services and technology solutions
- **The Salvation Army** on a complex global procurement and implementation of a cloud-based accounting and ERP platform

Investment/Acquisitions

- **SoftBank** on its investment in Revolut, the global fintech and financial services provider
- **Euroclear** on the acquisition of Goji Holdings, a provider of investor platform technology and services to private markets
- **Vodafone** on the merger of Vodafone Limited and Hutchison 3G UK Limited and the related negotiation and implementation of business-critical technology services and supply agreements

Disputes and Investigations

- **TSB** on its review of the issues that arose in connection with its major IT platform migration and transformation
- **A global financial services institution** on investigations into failures connected with a multi-year technology transformation program
- **An international telecommunications company** on the management and resolution of a dispute with a global mobile telecoms company, relating to a multi-jurisdictional digital transformation and build programme

Partnerships/Collaborations

- **NewDay Cards Limited** on its partnership with Lloyds Banking Group to establish an advanced e-commerce instalment lending product using NewDay's technology
- **Richemont** on the development and execution of its partnership arrangements to create an industry-wide e-commerce platform, to support the digitisation of the luxury industry
- **M&G Wealth** on its collaboration with Moneyfarm, including the customisation and development of a bespoke version of Moneyfarm's D2C investment platform



What our Clients Say...

"Deep commercial experience in complex outsourcing agreements, innovative approach to problem-solving, able to see through the complexity and track multiple work streams."

Legal 500 2024 - Commercial Contracts

"An excellent, cohesive team with deep technical legal knowledge allied to a commercial mindset and a focus on working collaboratively with clients."

Legal 500 2024 - Dispute Resolution