

DueDiligence2022

M & A IN THE DIGITAL AGE

CASE STUDY

Baker McKenzie: The technology driven evolution of due diligence

Embracing Advances

Due diligence should be faster, more accurate, easier to understand and interpret, more commercial and cost effective. The technology available today can help practitioners address these challenges, which is why law firms have moved to embrace and invest.

When Jannan Crozier started as a trainee at global law firm Baker McKenzie in 2003, data rooms were physical rooms, usually without windows. "The inefficiency of this manual process was startling," she recalls. "Thankfully, we swiftly moved to online data rooms. At first there was limited functionality but over the years we've seen providers make significant improvements. The ability to have a well organised online VDR, accessible anywhere in the world, at any time, has transformed the approach to DD [due diligence]."

Efficiency is the name of the game. "You're able to quickly assess what's in the data room, the quality of the data, the size of the team you need, the areas of expertise and where you need that team to be focused early on," says Crozier. "Not only does it enable us to manage our own resources and be efficient, it enables meaningful conversations between law firm and client early in the process around the scope of the diligence. This is particularly important in today's seller-friendly market, where competition for assets is high, and corporate and private equity buyers are under pressure not to incur costs before they know they have the deal."



JANNAN CROZIER
PARTNER, CORPORATE/M&A
BAKER MCKENZIE



Accelerating Assessment

Baker McKenzie uses a combination of legal project managers and project management software on DD projects, allowing its diligence teams to track the process remotely and in real time. This is particularly beneficial for one of Crozier's current client DD exercises, which covers more than 100 countries. Crozier says they are well advanced in stage one of a technology-driven evolution of the DD process and embarking on a second phase. Part of this first stage consists of more project management and review work being carried out in lower-cost regions, regardless of client location. Baker McKenzie has a large service centre in Belfast and plans to open another in Tampa this year. "More of the co-ordination and initial review of diligence information, in particular large scale contract reviews, is being conducted by DD experts in lower cost jurisdictions," says Crozier.

Maximizing Efficiency

Stage two is teaching the AI and machine-learning software. Baker McKenzie is using AI software for contract reviews. But it will not be long before the third stage begins, where heavy reliance on AI and other technologies are the norm for the more commoditised aspects of due diligence. Crozier says: "That's where we will go to and I think that's absolutely correct. Where there is the technology to review documents with a degree of accuracy we should absolutely be embracing that, with lawyers providing the more strategic input and supporting clients to make judgements on risk. We want to ensure that lawyer time can be used more effectively and efficiently for our clients."

ABOUT BAKER MCKENZIE

Baker McKenzie is one of the world's largest international law firms and a leader in providing companies across industries globally with M&A advice, particularly on cross-border transactions.

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