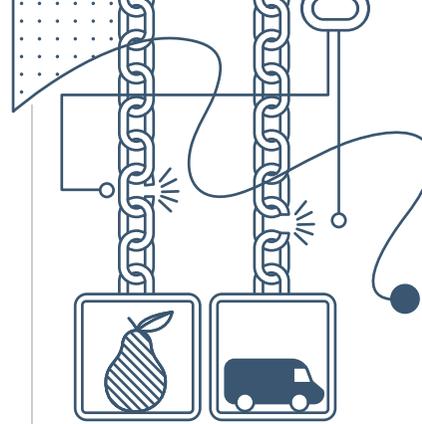


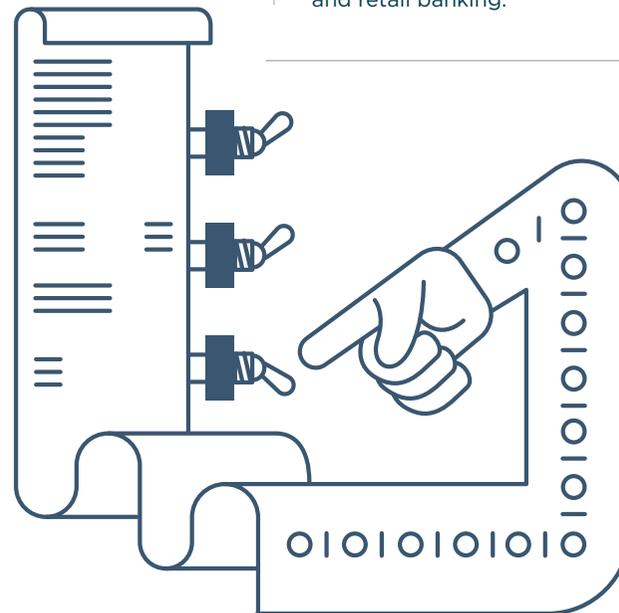
STRATEGIC CONTRACTING IN SURREAL TIMES

Whilst corporate appetite for commercial transactions remains undiminished, the rules of engagement have changed in the current, surreal landscape. Here are 8 key areas to consider with your contract arrangements in the months ahead:



1 TESTING SUPPLY CHAIN RESILIENCE

Many of the traditional concepts of third party management were turned on their heads due to the explosive impact of the unplanned global lockdown. Large institutions, who traditionally held procurement power, saw that risks of continuity of supply were more important than standard terms. Sustainability of supply chain, testing resilience and flexibility are now key features of any negotiation, especially in consumer-facing businesses such as retail, food, transport and retail banking.

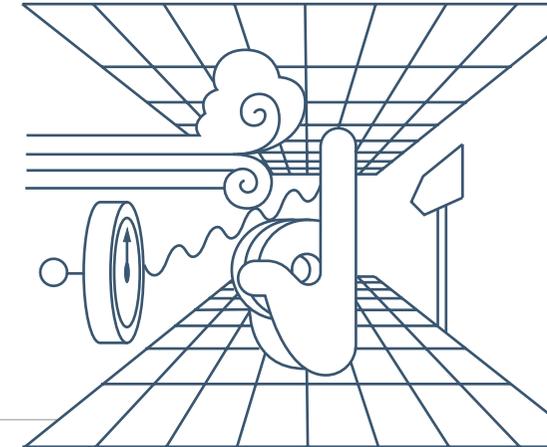


3 TRANSITIONARY CHANGES

COVID-19 is a stark reminder that contracts never exist in a vacuum. We are seeing companies continue to focus on ensuring business continuity, continued rapid increase in technology adoption, and reactionary changes to both supplier and customer bases. We expect short term contract fixes to continue for the coming months before longer-term views are able to be accurately assessed.

2 CONSIDER THE STRATEGIC IMPACT

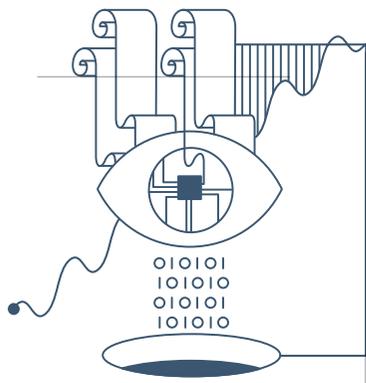
Whilst contracts do usually include practical methods for dealing with a crisis (force majeure and frustration), recent events have shown that they are not a panacea. Look beyond just the technical aspects of agreements and consider the strategic impact of contracts, the impact of risk and the considerations for the future relationship.



4

STRATEGIC REVIEWS OF CONTRACTS

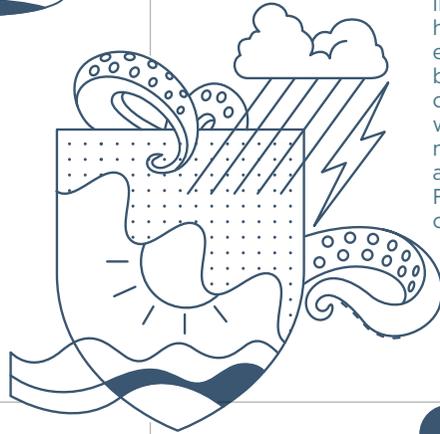
We expect to see many institutions undertaking strategic reviews of their contract estates in the coming months. There will be a greater focus on resilience, contract flexibility, greater use of cloud, mobile functionality, as well as contract provisions reflecting changing work patterns and property needs post-COVID. Many parties will not have much exposure to some or all of these topics, and so expect new points to arise technically and in negotiation.



5

OPERATIONAL RESILIENCE

Financial Services companies are already well aware of the increasing regulatory requirement for operational resilience. This will be much more than just a procedural exercise going forward, with regulators have already indicated how critical this area has now become. Importantly, expect to see resilience become a key feature in many other sectors. For example, we are already advising multiple corporate clients to adopt similar focus to their FS counterparts for the sake of good business practice.



6

FACILITIES MANAGEMENT

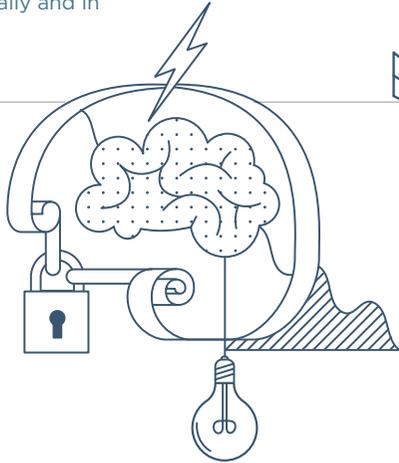
One area which may come under pressure is facilities management, particularly as the commercial property market softens and working patterns change. Flexibility, technology and employment issues are among those that are likely to heighten in importance and frequency as companies seek to renegotiate the next generation FM deals in a post COVID environment.



7

THE CONTINUOUS RISE OF INNOVATION

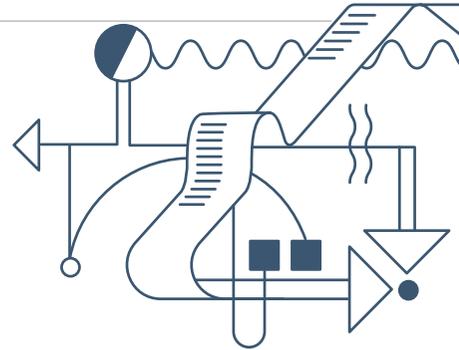
With the continued importance of innovation to respond to evolving client demands and competitive pressures, contracts are becoming more flexible, reactive and in some cases, creative. This will present many opportunities, particularly for companies such as FinTechs. While we expect liquidity to remain under pressure for many companies for some time yet, this is the perfect time to consider protection of Intellectual Property of new thoughts, concepts and software solutions to meet fluid business needs.



8

ACCELERATED DISRUPTION

Without a doubt, the near future will produce accelerated disruption and opportunities for those companies who are insightful & equipped with the right management and advisors. In particular, we see sectors such as transport, financial services, retail and automotive under most threat from continued cost, regulation and technology challenges - but opportunities will also present themselves. Strategic consideration of joint ventures, partnerships and strategic alliances, both within the UK and internationally, will inevitably increase.



OVER 500 COMPANIES - INCLUDING MANY OF THE WORLD'S LARGEST AND MOST RESPECTED BRANDS - SOUGHT SUPPORT FROM ADDLESHAW GODDARD TO DELIVER MAJOR CONTRACTS LAST YEAR.

If you would like a more comprehensive view of what we're seeing in the current environment and what steps you should take to maximise your chances of success, please get in touch.

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