



Economics, Disputes & Investigations Roundtable

Insights from The Barton Partnership's roundtable discussion in New York

Economics, Disputes & Investigations

On Wednesday 8th November 2023, The Barton Partnership hosted a roundtable event in New York, bringing together industry leaders and experts. The discussions centered around the influence of economic conditions on transactional due diligence and litigation dynamics, along with the strategic role of AI in reshaping business practices, whilst delving into evolving trends in ESG & sustainability, corporate restructuring, regulatory activities, and the impact of recent jury verdicts on legal negotiations.

What follows is a summary of the key points discussed during the session:

#1 Impact of Geopolitical and Economic Factors

- Attendees noted a downturn in transactional due diligence, attributing it to a mix of factors including geopolitical tensions (the conflict in Ukraine,) alongside broader economic shifts and market uncertainties.
- The discussion noted an increase in corporate restructuring and liability management activities, likely as a response to the shifting economic landscape.
- The current U.S. administration's proactive stance, particularly in regulatory matters, is shaping business activities and influencing market dynamics.
- A decline in securities litigation was observed, which was attributed to the pandemic and legal changes, and the expectations of increased defaults due to interest rate hikes haven't materialized, highlighting the complexity of market predictions.

#2 Adaptation and Resilience in the Legal Sector

- Despite broader economic challenges, there is a sustained demand for litigation services, indicating its resilience and potential counter-cyclical nature in the face of economic downturns.
- The significant increase in jury verdicts and its impact on legal disputes was discussed, signaling a need for legal practitioners to adapt their strategies and expectations in litigation and settlement discussions.
- Global multidisciplinary firms, especially the Big Four, are diversifying their services to include operational strategies and managed services, illustrating a strategic response to market conditions and emphasizing the importance of adaptability and innovation in service offerings.

#3 Advancements and Applications of AI in Business Operations

- Attendees discussed the transformative role of generative AI and analytics in business operations and how these technologies are shaping document review, fraud detection, and compliance activities, while also addressing challenges in maintaining credibility, control, explainability, and responsible usage of AI.
- The discussion acknowledged the growing interest in utilizing generative AI in various practices, particularly in disputes and investigations, reflecting a recognition of AI's potential to transform traditional approaches in these sectors.
- AI is seen as a crucial tool in enhancing data management, particularly in areas like data discovery, acquisition, migration, and cost extraction, with an emphasis on its immediate applicability in enhancing document review processes. Looking ahead, attendees discussed the significant potential for AI in areas like investigations and fraud detection, emphasizing its capability for prompt engineering and expedited analytics.
- The discussion highlighted the need to carefully navigate privacy and intellectual property concerns when implementing AI solutions, acknowledging the ethical and legal complexities surrounding AI usage.

#4 Strategies and Challenges in AI Integration

- There was a consensus amongst attendees to approach AI integration cautiously, with concerns raised about maintaining credibility, particularly in the context of legal disputes.
- Discussions about developing private large language models tailored to specific client needs indicated a trend towards more collaborative and customized AI solutions, marking a shift in AI's perception as not simply a tool but as a collaborative effort aligned to client requirements.
- The potential of AI in predictive analysis for business development was explored, addressing the potential of AI to anticipate legal disputes or corporate activities.

#5 Challenges and Strategies in Talent Management and Development

- Participants expressed concerns over attrition rates and the challenges of maintaining a balanced workforce, discussing challenges managing attrition in large firms and the 'clog in the pipe' at junior levels due to lower attrition, which may lead to an excess of junior staff without clear progression paths.
- The conversation highlighted the need for flexible work arrangements whilst adapting talent management strategies, noting shifts in employee preferences towards different work arrangements and an increased openness to flexible models like part-time or advisory roles.
- The discussion underscored the critical role of mentoring and skill development for mid-level professionals, whilst highlighting the difficulties in motivating these employees to participate in networking and client development activities, which are essential for their progression to senior positions.

#6 The Emerging Significance of ESG

- Attendees discussed an anticipated increase in ESG-related litigation and the efforts in building ESG-focused consulting practices, particularly in London, in response to regulatory changes in the EU, suggesting a gearing up for potential growth in ESG considerations in both legal and business practices.
- The discussion highlighted the U.S. Securities and Exchange Commission's (SEC) interest in ESG, especially in investigations and enforcement around greenwashing and ESG disclosures, alongside predictions of growing ESG regulations requiring detailed quantification of ESG and climate impacts, pointing to an evolving and intensifying regulatory landscape.
- Differences in ESG focus were noted between Europe, driven largely by regulations, and Latin America, with more emphasis on worker welfare and social aspects, indicating regional variations in ESG priorities and approaches, and how law firms are forming special focus areas to respond to these trends.
- Despite some backlash, companies are continuing their sustainability efforts, with a focus on the ongoing commitment to sustainability practices despite external pressures, coupled with an acknowledgment of the general lack of understanding about the full scope of ESG, especially in the 'S' and 'G' components, highlighting the challenges in effectively implementing comprehensive ESG strategies.

#7 Trends and Predictions for 2024

- Participants discussed trends and predictions for 2024, anticipating an ongoing demand for litigation and regulatory compliance services, alongside a noted decline in areas like securities litigation.
- A rise in corporate and commercial loan defaults is expected, influenced by economic subsidies winding down and interest rate hikes, indicating potential shifts in the financial landscape.
- Attendees anticipate a continued rise in financial crime cases, especially those related to sanctions, notably concerning Ukraine and Israel, expected to drive an uptick in such cases and emphasizing the need for expertise in international sanction laws and financial crime investigations.
- A potential increase in enforcement under national security and safety, especially as it relates to sanctions, was discussed, with indications from the government of a merging of enforcement efforts in these areas, pointing to a possible increase in work related to national security and sanctions under the current administration.
- Heightened activities in financial services, with a specific focus on Treasury-related work, are expected as government departments like the Treasury become more active, potentially leading to increased demand for advisory services in these areas.

The roundtable concluded with a forward-looking perspective, emphasizing the need for businesses to adapt to evolving economic conditions, technological advancements, and changing workforce dynamics, highlighting the importance of proactive strategies in navigating these challenges and seizing opportunities for growth and innovation in the dispute, forensics, and investigation sectors.

About The Barton Partnership

The Barton Partnership is an award-winning executive recruitment and consulting services firm providing permanent search and independent consulting services across all aspects of Strategy & M&A, Data & Analytics, Economics, Disputes, & Investigations, ESG & Sustainability, and Transformation & Change. We have offices in London, New York, Paris, Singapore, Hong Kong, and Sydney. Our clients include FTSE listed and Fortune 500 companies across all sectors/industries; SMEs, Strategic, Innovation & Management Consulting firms (large and boutique), Public Sector, Global Financial Services, Private Equity and Venture Capital organizations.

Our network represents talent across Strategy & M&A, Digital, Data & Analytics, Economics, Disputes, & Investigations, ESG & Sustainability, and Transformation & Change.

Through a curated network of more than 8,500 independent consultants, we provide clients with individuals and teams for business-critical projects across North America, and Asia Pacific. In 2023 we were ranked Gold for Consulting Networks in the Leading Management Consultants report by the Financial Times for the second consecutive year.

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LONDON

16 High Holborn
London
WC1V 6BX

+44 (0) 207 138 3691

contact@thebartonpartnership.com

NEW YORK

45 W 45th Street, 16th Floor
New York NY
10036

+1 646 982 1350

nyc@thebartonpartnership.com

PARIS

40 Rue du Colisée,
75008
Paris

+33 6 83 95 94 26

paris@thebartonpartnership.com

SINGAPORE

8 Marina, Asia Square Tower 1
#42-01
Singapore 018960

+65 6018 7822

apac@thebartonpartnership.com

HONG KONG

Flat 2005, 20th floor,
Kinwick Centre, 32 Hollywood
Road, Central Hong Kong

+65 6018 7822

apac@thebartonpartnership.com

SYDNEY

Level 5/350 George St,
Sydney NSW 2000
Australia

+61 405 492 969

contact@thebartonpartnership.com